Knowledge. Passion. Results.

Annual Review 2008

Tieto 2008

Our values

We work together.

We work towards common goals.
We share knowledge and competence.
We help each other to succeed.
We are passionate about performance.

We are committed to quality.

We use common processes.
We share best practices.
We apply sustainable business practices.
We are passionate about continuous development.

We care for our people and customers.

We trust and respect each other.
We combine our strengths to provide value adding services.
We care for the world around us.
We are passionate about our customers' success.

We learn and grow.

We have fun at work.
We are open to new ideas.
We develop a supportive leadership culture.
We are passionate about personal growth.

Building leaders of the digital world – a world of better service, higher productivity and new opportunities.

Contents

Tieto also publishes a printed Financial Review containing the official financial statements. The Financial Review 2008 is available at www.tieto.com and it can be ordered by
e-mail Treports@121.fi
tel. +358 20 72 010, fax +358 20 72 68898
tel. +46 10 481 00 00, fax +46 10 481 34 44.

- Tieto is an IT service company providing IT, R&D and consulting services. With approximately 16 000 experts, we are among the leading IT service companies in Northern Europe and the global leader in selected segments.
- We specialize in areas where we have the deepest understanding of our customers' businesses and needs. Our superior customer centricity and Nordic expertise set us apart from our competitors.
- We focus on serving large and medium-sized organizations in our main markets – Northern Europe, Germany and Russia. In telecom, forest, oil and gas as well as digital services, we serve our customers globally. We work hand in hand with many of the world's leading companies and organizations and grow in step with them.
- Tieto is our new brand name as of 1 December 2008. The official registered name of the company is TietoEnator Corporation. The changing of the registered name will be proposed at the 2009 Annual General Meeting.
- The company's shares are listed on NASDAQ OMX in Helsinki and Stockholm.

The New Tieto is born – our journey continues

Tieto has gone through tremendous changes in the last twelve months, and this transformation will continue in 2009. We have a new strategy and structure, and are building a more agile and collaborative leadership culture that is based on our new values.

When I joined Tieto in February 2008, the call for change was imminent – Tieto needed a new direction. We initiated an extensive strategy process, which involved more than 1 000 people throughout our organization. The outcome was a new and more focused strategy through which we aim to become the leading IT service company in Northern Europe and the top telecom R&D partner globally. With our clear customer, market and service focus, we are directing our operations and investments to meet these goals.

A year ago, we launched the Performance Improvement Programme with the aim of restoring the company's profitability, improving quality and enhancing risk management. We have made substantial improvements in all these areas. The programme laid the foundation for our improved performance in 2008.

New direction

Industry knowledge, sharp competences and strong, long-lasting customer relations have always been Tieto's main strengths. We will continue to nurture these assets. Based on these key competitive advantages, we will seek growth in all our main markets as well as our special growth areas in

Our new values-based leadership culture is one of the main vehicles for driving changes at Tieto. A common set of values unites our people and commits them to the agreed goals.

telecom, Sweden and Russia. In telecom, Tieto is already the leading R&D provider in Europe and we plan to leverage this capability on a global basis. In Sweden and Russia, we see a great deal of untapped potential which can be better utilized through our new organization. In these areas, we seek growth through new services and offerings. For example, in Russia we have opened a new data centre in St. Petersburg to support our growth initiatives there.

Competence development is high on our agenda, and we will continue to make significant investments in developing our people. Our new service line-driven competence development will result in more value-adding services and better development and use of our talent. We will increase our talent in our global delivery centres with the aim of having 40% of our resources in these locations by 2011.

Values drive the cultural change

Our new values-based leadership culture is one of the main vehicles for driving these changes at Tieto. In 2008, we started a value process to discuss Tieto's core – what makes us stronger and more successful. This process forged our new values that focus on collaboration, sustainability, quality and learning.

A common set of values unites our people and commits them to the agreed goals. Our new, internationally experienced leadership team is fully committed to driving the cultural change at Tieto through these values.

Supporting customers in times of change

Since summer 2008, when we launched our new strategy, the world has changed quite dramatically. The financial crisis that started in the US has turned into a worldwide economic downturn that is also affecting the IT services market. Cautiousness regarding IT investments is a fact among our customers.

The downturn can, however, also be seen as an opportunity for Tieto. The current turmoil in the economy is very similar to the deep financial crises in the early 90s in Finland and some other Northern European countries. At that time, Tieto worked closely with many of its key customers to drive a major increase in productivity in both customer services and back office operations.

We believe that industrialization of service production, new service innovations, and the introduction of new ways of collaboration and communication are some of the keys to success in today's environment – and in these areas Tieto's advanced IT services and solutions will play a major role.

Customers are increasingly streamlining their businesses by outsourcing their IT operations to improve productivity and increase flexibility. We believe that outsourcing will provide excellent opportunities for Tieto in these circumstances.

Our work is based on knowledge

Tieto's mission is to turn knowledge and passion into sustainable results – for our customers, employees and shareholders. For our customers, we want to be the most respected and knowledgeable partner for quality and reliability, and for our employees the employer of choice. To our shareholders, we want to create good value for their investments.

Thanks to our employees' commitment to shared targets and relentless execution of agreed plans, Tieto is today stronger and more competitive than before. This is also reflected in our new Tieto brand – modern, straightforward and agile.

The current downturn will no doubt have a big impact on Tieto as well, but I am confident that our current set-up will enable us to come out as a winner this time as well. During 2009, we will continue to focus on executing Tieto's transformation and adapting to market conditions. To ensure sustainable competitiveness, we will keep on investing in our competence development and global delivery model as well as our offerings in future growth areas such as managed services and consumer-driven digital services.

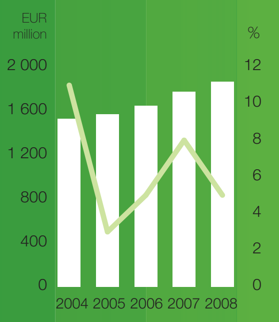
I want to thank our employees for their continuous support and commitment to the new Tieto, our customers for good collaboration and our shareholders for showing trust in the company during our transformation process.

The new Tieto is born, but the transformation continues. I am looking forward to continuing this journey.

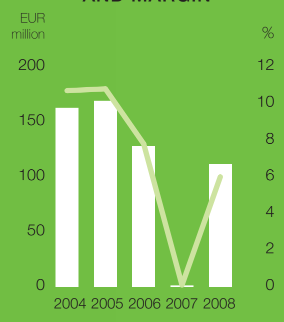
Helsinki, Finland, February 2009

Hannu Syrjälä
President and CEO

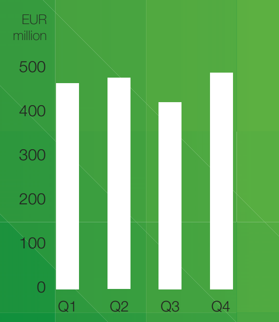
NET SALES AND GROWTH



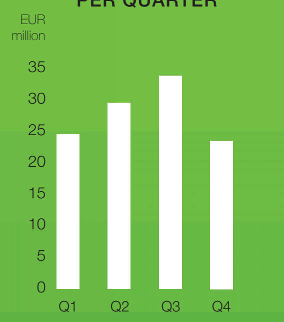
OPERATING PROFIT (EBIT) AND MARGIN



NET SALES PER QUARTER



OPERATING PROFIT (EBIT) PER QUARTER



Note: As of 1 January 2009, the company has a new structure. Operations are presented in line with the new structure in this Annual Review. However, the figures and graphs are based on the company's reporting structure in 2008. The differences are highlighted when relevant.

Becoming Tieto

- The market situation remained fairly positive in 2008. However, the economic slowdown led to mounting cautiousness regarding new IT investments towards the year-end. **> Read more on page 26.**
- Thanks to several significant customer agreements and the Performance Improvement Programme, profitability increased, delivery quality improved substantially and the development of our global delivery model progressed well. **> Read more on page 30.**
- According to our new strategy, we seek to be the leading IT service company in Northern Europe by 2011. Our new operating model will drive customer value and uphold our culture of quality and high performance. **> Read more on page 21.**
- We launched a new corporate brand, Tieto, in December to reflect the changes in our structure. The new Leadership Team is ready to follow through on the transformation.

KEY FIGURES	2008	2007
Net sales, EUR million	**1 865.7**	1 772.4
Operating profit excluding one-off items mainly related to the Performance Improvement Programme, EUR million	**149.9**	107.6
Margin, %	**8.0**	6.1
Operating profit (EBIT), EUR million	**111.6**	1.3
Operating margin, %	**6.0**	0.1
Profit before taxes, EUR million	**82.4**	-8.6
Earnings per share, EUR	**0.83**	-0.44
Equity per share, EUR	**6.75**	6.67
Dividend per share, EUR	**0.50**	0.50
Investments, EUR million	**97.9**	87.7
Return on equity, %	**12.6**	-5.7
Return on capital employed, %	**25.2**	7.8
Gearing, %	**21.0**	34.4
Equity ratio, %	**41.1**	40.2
Personnel on average	**16 397**	15 588
Personnel on 31 Dec	**16 618**	16 324

Service focus

We provide value-adding services by combining our knowledge of technologies and trends in the digital world and turn them into sustainable results for our customers.

We focus on providing
- IT services
- R&D services
- Digital transformation and consulting services.

IT services comprise
- Project services
- Industry solutions
- Application service management (ASM)
- ICT infrastructure management.

To whom

Our deep understanding of customers' businesses and needs lays the foundation for long-term relationships with large and medium-sized organizations.

In our new structure, we serve customers in the following segments:
- Telecom & Media,
- Financial Services and
- Industry Group.

Forest, Energy, Healthcare & Welfare, Logistics, Manufacturing, Public and Retail

Where

Our main markets are Northern Europe, Germany and Russia. However, we serve our customers globally in certain areas of expertise and have industry-specific activities in selected countries.

In our new structure, the markets are grouped under
- Finland
- Sweden and
- International.

- Norway
- Denmark
- Germany
- Russia
- Other countries

How

Employees play a key role in our success. We make major investments in competence development and provide our people with lucrative opportunities for personal and professional growth. As IT goes global, we have grown our international operations. Today, approximately 25% of our personnel work in the global delivery centres. We aim to increase this figure to 40% by 2011.

For us, sustainability means caring for people, business and the world. Sustainability is always one element in our offering development and operations. Running a green business involves honing efficiency and lowering energy consumption. In line with our Green IT Framework, our energy efficient data centres improve the environmental sustainability of our customers' ICT operations.

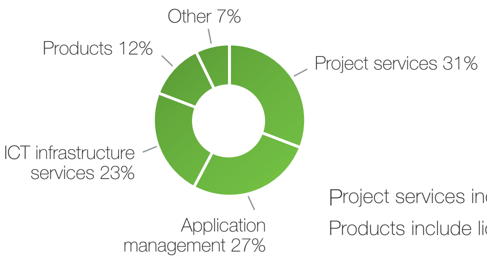
Our position

We are one of the leading IT service companies in Northern Europe and the global leader in selected segments.

#1 in project services in the Nordic countries
#1 in telecom R&D in Europe
#1 in solutions for the forest industry globally

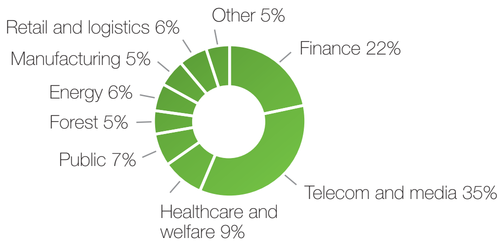
We aim to become the leading IT service company in Northern Europe by 2011. We also seek to establish a strong presence in Russia and become the world-leading R&D partner in the telecom sector.

BUSINESS MIX IN 2008

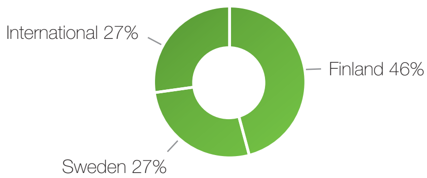


Project services include industry solutions, R&D services and consulting
Products include license fees and maintenance

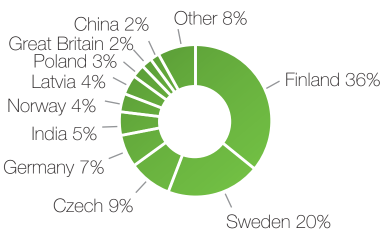
NET SALES BY CUSTOMER SEGMENT IN 2008

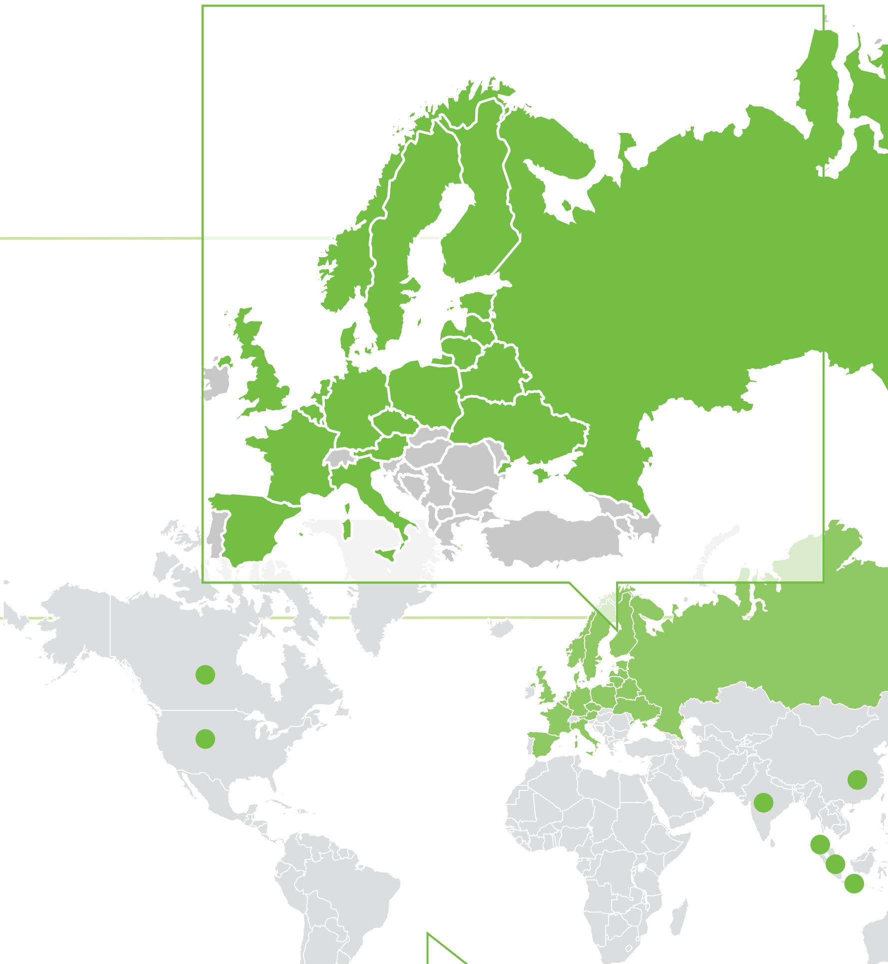


NET SALES BY COUNTRY IN 2008



PERSONNEL BY COUNTRY IN 2008





Our main markets are Northern Europe, Germany and Russia. However, we serve our customers globally in certain areas of expertise and have industry-specific activities in selected countries.

IT services

- **Project services** range from consulting and designing new IT solutions to integrating and developing existing ones. Solutions are often based on products or components that are developed by Tieto or a third party. On top of these, solutions include customer-specific work.
- **Industry solutions** improve the efficiency of customers' operations by enhancing business and information processes.
- **Application service management** (ASM) ensures uninterrupted business processes for our customers. Service comprises maintaining, developing and enhancing existing applications under a long-term contract as well as operating customers' business critical applications and business processes on a 24/7 basis.
- **ICT infrastructure management** ensures 24/7 operations for our customers. Many customers are in the market for outsourcing their entire ICT infrastructure management. Providing ICT infrastructure management as managed services/SaaS is an emerging service model. In this model, the customer is billed on a pay as you go basis.

R&D services

We are the largest European supplier of telecom R&D services, such as design, development and maintenance of software for our customers' products, and an active player in emerging R&D. Our strong R&D offering is aimed at telecom networks, mobile devices, automotive and emerging R&D areas such as future connectivity.

With more than 4 000 R&D professionals, we see ourselves as an extension to our customers' own R&D – a reliable and agile partner. Our significant presence in Europe and Asia enables us to serve our customers flexibly and cost-efficiently.

Digital Transformation and consulting

With around 700 consultants, Digital Transformation and Consulting (DTC) provides digital consumer services from consulting to implementation. Every industry is affected by the transformation to digital services. Implementation always involves a combination of highly diverse competences. Our offerings aim for efficiency and high quality in the areas of Digital Customership (multichannel consumer services), Future Office (increasing information worker productivity) and Financial Value Chain (digitalizing the financial supply chain).

Service categories

IT SERVICES

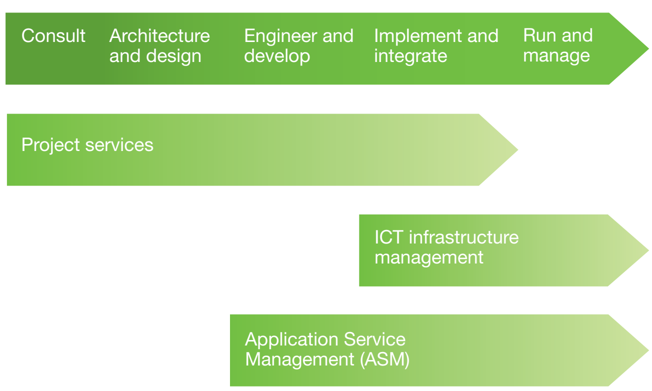
Project services
- Industry solutions
- Systems integration
- Industry-specific consulting

IT outsourcing and managed services
- ASM
- ICT infrastructure management
- Managed services

R&D SERVICES
- Project services
- Other R&D services

DIGITAL TRANSFORMATION & CONSULTING

IT services for the entire IT value chain



Finland

We are the leading provider of IT services, i.e. project services and outsourcing in Finland. We provide a full range of IT services to all the industries we serve. We work close to our customers and typically have long-term relationships with them.

Several Finnish companies and organizations have spearheaded the introduction of digital services in many sectors, such as banking, telecommunications and the public sector. We have played a central role in many of these initiatives, thanks to which we have gained extensive experience in upgrading efficiency and user-friendliness in IT utilization.

Net sales: EUR 853 million
46% of the Group's net sales
Personnel: About 6 000

Sweden

In Sweden, we provide a full range of services and are active in all the industries we serve. However, we see untapped potential in many sectors, such as retail, logistics, manufacturing and the public sector. We believe that our new operating model will enable us to capture growth by sharpening our market focus and utilizing our competences across industries.

Sweden is by far the largest IT market in the Nordic countries, but it is also very fragmented. We are well-positioned to grow thanks to our strong portfolio of offerings and closeness to our customers. Today, we are among the top three IT service providers in Sweden.

Net sales: EUR 506 million
27% of the Group's net sales
Personnel: About 3 300

International

We serve our customers with high value added IT services and industry-specific solutions in 24 countries. Each market is different and therefore our industry and service mix varies from country to country. In telecom, forest, oil and gas as well as digital transformation services, we serve customers globally.

One of our growth markets is Russia, where the IT sector has been hardware-driven and based on very inexpensive labour. The IT services area is now expected to increase its share as there is growing demand for outsourcing, mainly due to the economic slowdown and the need to rationalize existing operations. With our strong value proposition, which emphasizes both efficiency and growth, we plan to be one of the main players in Russia and bolster our presence in this market.

Net sales: EUR 507 million
27% of the Group's net sales
Personnel: About 7 300

Countries:

- Austria, Belarus, Canada, China, the Czech Republic, Denmark, Estonia, France, Germany, India, Indonesia, Italy, Latvia, Lithuania, Malaysia, Netherlands, Norway, Poland, Russia, Singapore, Spain, Ukraine, the United Kingdom and the USA.

Sustainable results through industry expertise

Thanks to our deep understanding of our customers' businesses, we are able to provide the best services that increase productivity and create new business opportunities for them. We turn our staff and customers into leaders in the digital world – a world of better service.

Telecom & Media

Telecom & Media provides sustainable IT and R&D services to leading network equipment and mobile device manufacturers, telecom operators and media companies. R&D services, mainly comprising design, development and maintenance of software for our customers' products, account for close to two thirds of our net sales in this industry. We are the supplier of choice for a number of global customers whose ideas we help turn into tangible results.

Financial Services

Financial Services offers high-value-added IT services and solutions to banks, insurance companies and financial services providers. Product-based solutions account for around 40% of our net sales in this industry and include core banking, payments, e-Banking, cards suites, mortgages and fund management. About 30% of net sales are generated in partnerships where we assume wide responsibility for our customers' IT.

Forest

We are the global leader in solutions for the forest industry, providing information solutions for the entire value chain of the pulp, paper, paperboard, tissue and wood products industry and other forest operations companies worldwide. Solutions are partially based on our own products. Around 30% of our net sales are accounted for by business related to our own products.

As a true expert in the entire telecom value chain, we are the largest European supplier of R&D services to the telecom industry and one of the largest globally.

6 000 employees

Customers include Alcatel-Lucent, Ericsson, Nokia Siemens Networks, Nokia, Siemens, Sony Ericsson, Telecom Italia, Telenor and TeliaSonera.

The Nordic countries account for around 70% of our net sales of Financial Services. Additionally, we operate in the Baltic countries, Russia and the UK. In the Nordic countries, we are the leading service provider in this field.

2 100 employees

Customers include Arek, Handelsbanken, If P&C Insurance, Ilmarinen, Nordea, Royal Bank of Scotland, Swedbank and Varma.

We have a strong market position in Europe and North America, and are expanding our operations in South America, Asia and Russia.

800 employees

Customers include Ahlstrom, International Paper, Metsäliitto Group, Myllykoski Group, Norske Skog, SCA, Smurfit Kappa Group, Stora Enso and UPM-Kymmene.

Energy

Energy supplies IT solutions and services to the energy sector in Northern Europe. We offer globally leading products and services for oil & gas production, for example within hydrocarbon accounting. We are also the leading provider of customer information and billing solutions to the Nordic utility sector. Product related business accounts for around 55% of our net sales in this industry.

Deep industry knowledge combined with long-term business relations with the most successful energy companies gives us an unique opportunity to maintain our position as the leading expert.

Healthcare & Welfare

Healthcare & Welfare supports its customers by digitalizing their service and care processes to improve the quality, safety and efficiency of lifetime care.

We provide a comprehensive set of solutions based on our own products as well as customized solutions and ICT services. Solutions are focused on making lives easier for citizens, patients and the caring staff. Over 40 years in the business and close customer relations give us a strong foundation to further develop healthcare and welfare at the individual, regional and national level.

Manufacturing

Manufacturing offers a full range of IT services and solutions, such as SCM (Supply Chain Management) and ERP (Enterprise Resource Planning), for digitalizing core operations in the manufacturing sector, thereby making our customers and their supply networks more competitive. Customer solutions are built on our own industry-leading products or third party products.

Public

Our services for the public sector range from strategic development to supplying solutions and continuous services. Services are based on in-depth knowledge of the sector and comprehensive partner networks. Customer-oriented digital services help ensure that private citizens and businesses can use public sector services as easily and naturally as possible.

Public offers IT services, such as systems integration, application service management, ICT infrastructure management and consulting, for creating and developing digital services for the public sector, i.e. local and central government.

Retail & Logistics

We help our customers in the retail, wholesale, logistics, services and environment sectors to meet the needs of their customers and hence to fully benefit from the ongoing change in customer behaviour and purchasing habits. To this end, we provide solutions e.g. for supply chain efficiency, customer profile analysis, digitalizing of purchasing and warranty systems as well as loyalty programmes.

Retail & Logistics supplies a full range of IT services as well as IT solutions, such as ERP, Smart Shopping, Assortment Planning, Warehouse Management and Transport Planning. Our solutions are often based on products and modules provided by world-leading companies.

In the oil & gas segment, we operate globally. In the utilities segment, we have a leading position in the Nordic countries, and are expanding our operations in Germany and Russia.	700 employees	Customers include BP Amaco, Chevron Texaco, ConocoPhillips, E.On, Exxon Mobil, Fortum, Gassco, Neste Oil, RWE, Shell, StatoilHydro and Vattenfall.
We are the leading vendor in the Nordic countries and have a strong position in Germany and the Netherlands.	More than 1 000 employees	Customers include over 2 000 companies and organizations, e.g. the Finnish hospitals of HUS and Päijät-Häme, Medi-IT Oy, the Swedish counties of Skåne and Stockholm, the Cities of Helsinki, Espoo, Oslo and Stockholm, Sjukvårdsrådgivningen (SVR) AB, German Bundesknappschaft, the Norwegian Central Region Health Authority and the Danish Capital Region.
We are the market leader in Finland, supporting our customers in their different locations, mainly in the Baltic Rim. We also operate in Russia.	More than 300 employees	Customers include Rautaruukki, ABB and Metso.
We operate in Finland, Sweden, Denmark and Estonia.	Close to 1 000 employees	Customers include the administrative sectors of the Ministry of Justice, Ministry of Finance, Ministry of Employment and the Economy, Ministry of Transport and Communications, and the National Board of Taxes, Parliament of Finland, and municipalities such as the Cities of Helsinki, Espoo and Stockholm.
We operate in Finland, Sweden, Norway, Russia, Latvia and Lithuania, and are the market leader in the Baltic Rim area.	800 employees	Customers include Alko, Apoteket, DHL, Ekokem, Finnair, Itella, Kesko, Lassila & Tikanoja, Loomis, S Group, Stockmann, Tuko Logistics and VR-Group Ltd.

Strategy

We want to build a professional service company culture, where knowledge and passion lead to great performance and profitability. Our strength is our knowledge about the technologies and trends in the digital world, and how to turn these into sustainable results for our customers.

Strategy

- We strive to become the leading IT service company in Northern Europe and the world-leading telecom R&D partner by 2011.
- We have special growth initiatives planned for the global telecom industry as well as for Sweden and Russia.
- As the IT industry goes global, the significance of standardized services and efficient service provision will rise. To answer this trend, we are forging Tieto into a horizontally integrated company with strong global delivery centres.
- Our future success will be built on our employees. Accordingly, being the employer of choice is a priority for us.

Leading IT service company in Northern Europe by 2011

Tieto is an IT service company providing IT, R&D and consulting services. Northern Europe, Germany and Russia are our main markets. In telecom, forest, oil and gas as well as digital services, we serve our customers globally.

We seek to achieve market leadership in the Nordic countries and a strong presence in Russia. We've also set our sights on becoming the world-leading R&D partner in the telecom sector. We allocate our investments to these carefully chosen growth areas.

Increased market share in Sweden

There is untapped potential in the Swedish IT market, given its large size and our relatively low market share. We have launched growth initiatives in Sweden. Our target for organic growth is over EUR 100 million. We will leverage our current and new offerings and proactively seek growth from new segments.

Strong presence in Russia

The Russian market also offers lucrative opportunities. In 2008, the IT market grew by more than 10%. In Russia, the company aims to achieve annual sales in excess of EUR 100 million by serving its European key customers and acquiring new Russian customers.

World-leading telecom R&D partner

Currently, we hold the leading position in telecom R&D in Europe. We seek to be the world-leading telecom R&D partner and a recognized expert in the telecom value chain. We pursue substantial growth, aiming to increase our net sales from EUR 650 million to close to EUR 1 billion.

Well-known advisor in digital business transformation

Our customers operate in a highly competitive environment where innovative new services are a key success driver. As efficiency demands are also at a high level, industrial service production is an operational must. Our long experience in the development of new business models and IT utilization in numerous industries is one of our strategic strengths. One of our sources of future growth comprises new services and solutions that tap into potential in sectors and business processes where digitalization has not yet gained much ground.

Customer centricity makes us different

In today's competitive landscape, it is difficult to beat the competition on price or pure performance. We have chosen to differentiate ourselves from the competitors through superior customer centricity thanks to our deep understanding of our customers' businesses and needs. Long-term relationships with Nordic enterprises, many of them global leaders in their field, is a strength to build on.

> Our attitude sets us apart from the competition. When you are passionate about what you do, you get top results.

We work together with our customers – large- and mid-sized organizations – and harness our full business potential to maximize the value provided to them. Combining our country- and industry-level as well as service line competences will further strengthen our sales and customer service organization.

Strong value proposition

Our customers operate in a highly competitive environment where innovative new services often comprise a key success driver and most services are IT-based. As efficiency demands are also riding high, industrial service production plays a key role in service provision.

Development of our offerings aims to meet the dual demands and support customers in the related business transformation.

Horizontal integration to answer industrialization of IT

As the IT industry goes global, the significance of standardized services and efficient service provision will rise. To answer this trend, we are forging Tieto into a horizontally integrated company with strong global delivery centres that boost cross-border growth and co-operation.

We will invest in the development of our global delivery model, based on corporate-wide competences. It will upgrade cost-effectiveness, offsetting overall wage inflation at the company. The ramp-up of global delivery capacity will be accelerated, especially in India and China. Building a global delivery model means developing a site structure comprising fewer and bigger sites. This will effectively enable multi-site delivery and improve both delivery quality and cost-effectiveness.

We will increase the degree of standardization in our offerings. In practice, this means developing a consistent range of services that can be produced, marketed and delivered across industries and national borders.

Employees ensure our success

Our future success will be built on our employees and their competence, creativity and motivation. Accordingly, being the employer of choice is a priority for us. We must attract and retain talented people to work towards our common goals.

Our new values-based leadership culture encourages our employees to pull together and improve their performance. To this end, we provide support, honest feedback and immediate coaching whenever needed. In our open leadership environment, performance evaluation is continuous, straight and fair and it is based on clear measures. Moreover, the new operating model creates lucrative opportunities for professional development and growth for our people.

Today, approximately 3% of working hours is used for competence development. We will allocate these investments in our knowledge assets on the basis of our strategy, future offerings and market needs, increasing them in line with our business growth. To support the ongoing change, we are creating and executing a large-scale competence transformation plan to ensure the transition to more high-value competence profiles.

Passion for performance

All our choices serve our goal of becoming a high-performing company in terms of growth and profitability. Our strategy aims for organic growth that outpaces our relevant market and an EBIT level of over 10%. The following choices are among the key drivers that help us meet our targets:

- Major investments will be made in the development of offerings, global delivery model and sharper competencies. This will result in more standardized services and greater added value for our customers and the company.
- A more integrated structure will improve the use of resources across industries, countries and centres of excellence.
- The efficiency and quality of deliveries are prioritized. The implementation of the strategy and change are managed by a transformation programme running over three years. In 2009, the focus will be on the implementation of the new organization and the development of the global delivery model. Delivery quality is high on the management agenda.

Long-term financial targets

- Organic growth outpacing the relevant market. Our growth strategy is supported by acquisitions.
- Operating margin (EBIT%) of over 10%

Targets for the equity structure and dividend payout

- Long-term gearing target of 40%
- Dividend payout ratio of around 50% of net income including one-time items. However, the annual dividend payout ratio will depend on the financial position and the major investment needs of the company.

Transformation to "New Tieto"

2008	2009	2010	2011
– New strategy, structure and operating model designed – Implementation of the new strategy started	– New structure in place – Investments in global delivery model (GDM) – Re-establishing the culture of quality and high performance	– Accelerating growth through new offerings and competences – Roll-out of GDM	– Leading IT service company in Northern Europe – 40% of personnel in offshore countries – Operating margin of over 10%

Operating model

Customer value through knowledge sharing and collaboration

Globalization of IT is ushering in standardized services and service provision. This, coupled with the rising significance of efficiency, highlights the importance of unified company-wide operations.

Innovative new services and efficient service provision comprise a key success driver for our customers. Understanding industry-specific trends is vital for successfully allocating our investments into offering development. Understanding market- and customer-specific needs call for a sharper market approach and customer closeness.

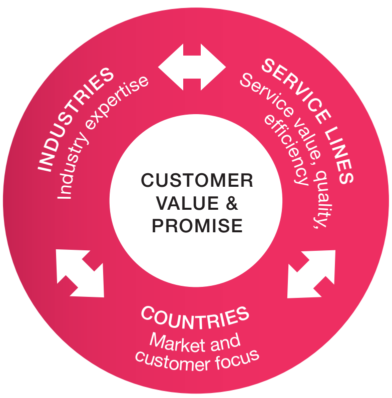
Our new business structure and operating model are based on three dimensions: country operations, industries and service lines. The operating model results in sharper roles and responsibilities between sales, delivery and development.

- Industry units operate in the customer interface, handling sales and delivery management. They will also be responsible for developing strong industry-specific offerings and for staffing delivery projects in a way that optimizes the utilization of local and global resources in each delivery project. The industry organizations have profit and loss responsibility.
- The role of the country organizations is to execute our strategy in the country, i.e. identify local opportunities, support sales as part of customer teams and local staffing of deliveries. The country organizations have profit and loss responsibility.
- The service lines have an important role in global-scale efficiency and quality. They are responsible for corporate-wide delivery excellence and competence development as well as global staffing of projects. Additionally, the service lines are responsible for the development of horizontal offerings, such as unified communications or Application Service Management.

Knowledge sharing and combining resources across industries, countries and global centres of excellence ensure that we will proactively recognize industry-specific trends across national boundaries as well as country-specific changes and customer needs.

In order to maximize customer value, we have established corporate-level decision forums as well as dedicated customer teams with members representing all these dimensions. Moreover, the new model ensures operational efficiency, service and delivery quality as well as agility in reaction to changes in the IT sector.

Operating model drives customer value and higher utilization



INDUSTRIES
- Telecom
- Financial Services
- Forest
- Energy
- Healthcare & Welfare
- Manufacturing
- Public
- Retail
- Media
- Logistics

SERVICE LINES
- IT Services
- R&D Services
- Digital Transformation & Consulting (DTC)

COUNTRIES
- Finland
- Sweden
- Norway
- Denmark
- Germany
- Russia
- Other countries

Service lines

- At Tieto's global service lines, we are committed to harnessing Tieto's resources to deliver value for our customers.
- We integrate our competencies, offerings and solutions across industries and create an efficient framework for delivering these solutions globally.
- Service lines define and implement these frameworks to ensure that Tieto is a competent and reliable partner.

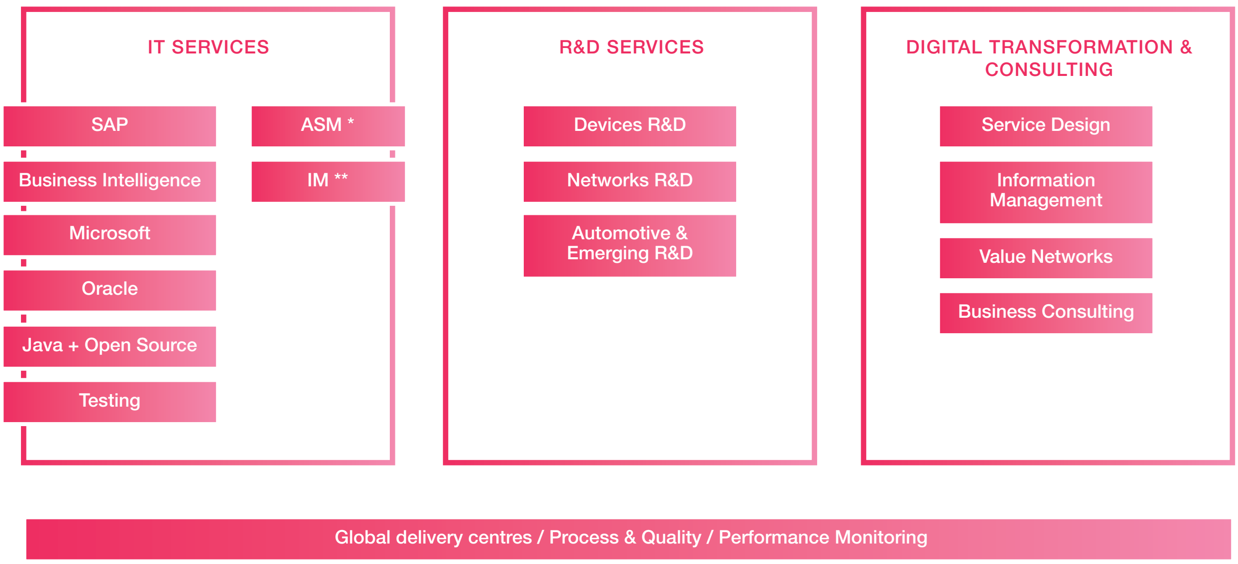
Horizontal integration to ensure delivery excellence and company-wide learning

Our industry units and service line units work in close co-operation in each of our business countries. The role of the industry units is to create demand – that is, to sell services and products and develop customer relationships. Industry units also have the main responsibility for customer deliveries. The service lines, in turn, are responsible for pre-sales support, delivery excellence (top-notch and efficient service deliveries), and company-wide learning.

The main tasks of the service lines are to:

- Develop models and practices for the competitive delivery of services and products
- Develop and manage horizontal offerings
- Develop and manage the necessary mix of competencies globally
- Drive sales together with the industry units at the country level
- Ensure that ways of working are harmonized across all our operating countries

Our service practices



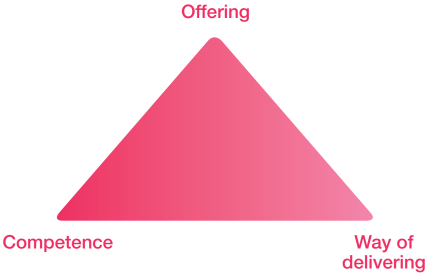
ASM *: Application Service Management IM **: ICT Infrastructure Management

In order to create competitive offerings and ensure that we have the relevant competencies, we have defined the service practices we specialize in and deliver globally. These service practices are presented in the graph on the previous page.

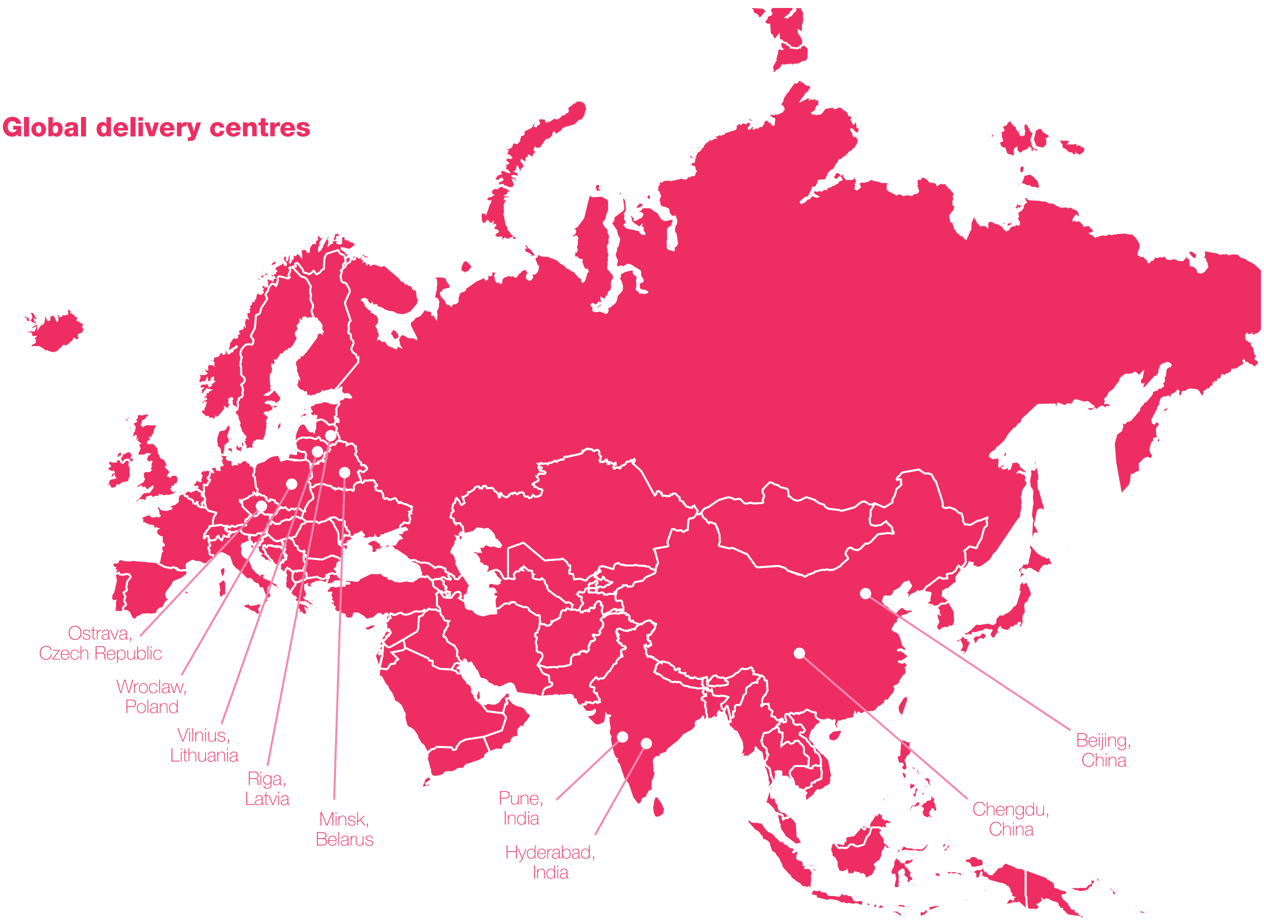
Service lines manage the tasks they are responsible for through the network of service practices and global delivery centres as well as process & quality and performance monitoring functions.

Each service practice covers several service areas and centres of excellence. Each area and centre of excellence is responsible for developing its offerings, partner relationships as well as global delivery frameworks and competences.

Cornerstones identifying each service area



Global delivery centres



Business review

We live in a digital world, but we know that only part of its potential has been realized so far. Today, IT creates new business opportunities and better digital services drive growth and productivity.

Market review

- The market situation remained fairly positive until the end of 2008. Towards the year-end, the economic slowdown led to mounting cautiousness regarding future IT investments.
- Changes in demand might be balanced out by companies' investments towards lengthening the life cycles of their current IT systems and achieving cost savings through the rationalization of operations.
- Tieto held on to its strong market position.
- In the long term, digital services will play a significant role. Organizations – regardless of whether they are in the service sector or the manufacturing industry – seek to provide ease of use to their customers and employees. This trend is one of the long-term growth drivers.

Shift in focus of customers' IT investments

In most industries, the market situation remained fairly positive in 2008. According to Pierre Audoin Consultants' (PAC) estimate, the Nordic IT services market grew by 5-6%. The areas that saw the strongest growth were application-related outsourcing and business process outsourcing.

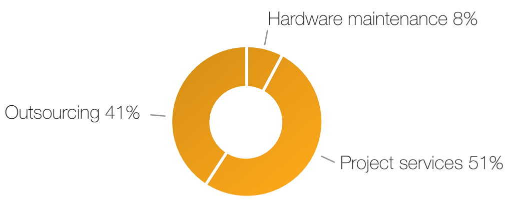
In the R&D services market, demand for network R&D levelled off in Europe towards the year-end. During the long and strong growth cycle in the sector, the industry has made big investments in new technologies, such as 3G and wireless IP access, affecting investments by operators and telecom equipment manufacturers in 2008 and 2009. Additionally, many customers launched cost-saving initiatives during 2008.

Due to the economic slowdown, there is greater cautiousness regarding future IT investments. Customers are expected to shift the focus of their IT expenditure. New large-scale IT investments might be postponed, unless they offer clear short-term productivity benefits. Consulting is typically affected immediately. On the other hand, companies' investments towards lengthening the life cycles of their current IT systems and achieving cost savings through the rationalization of operations might open up new business opportunities. This would balance out the changes in demand.

Customers' rationalization measures are expected to maintain healthy demand for application and ICT infrastructure management as well as maintenance in most sectors. These services often provide the IT that runs businesses and represent multiyear contracts. These types of services account for more than half of Tieto's net sales.

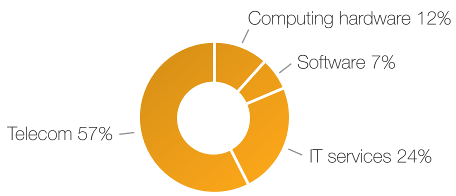
The effects of the economic slowdown on IT investments vary by customer segment. As the finance sector has been in the core of the turmoil, banking is affected the most. On the other hand, the financial crisis has ushered in new requirements for the finance sector. Demand for solutions to meet these requirements will have a balancing effect. As a certain

BREAKDOWN OF THE NORDIC IT SERVICE MARKET



Source: PAC

GLOBAL IT MARKET



Source: Gartner

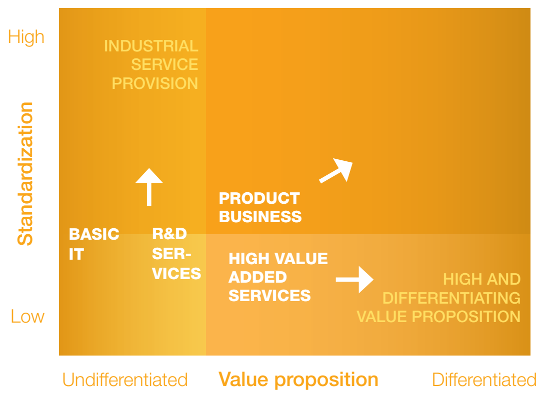
amount of IT spending is mission critical for keeping businesses running, the impact on the manufacturing industry is expected to be moderate. Rationalization measures have been ongoing for a long time in some areas, such as the public sector, i.e. government, healthcare and welfare, and steady demand is expected to continue.

The overall growth of the IT services market is anticipated to remain flat in 2009 due to the economic slowdown. In the Nordic countries, the best prospects in 2009 are seen in outsourcing as fairly good demand for application and ICT infrastructure management as well as maintenance is expected to continue in most sectors.

Tieto holds on to its strong position in the Nordic IT services market

Tieto's competitors in different customer industries, service types and regions vary greatly. Differentiation from competitors are basically built on four major factors: service and product leadership, high delivery capacity, cost efficiency and customer centricity. Tieto has chosen to differentiate itself from its competitors through superior customer centricity, because it has a deep understanding of its customers' businesses thanks to long relationships with several globally and locally leading companies.

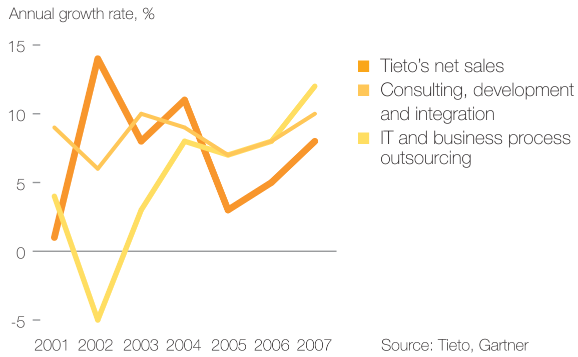
Tieto's repositioning through its new strategy



Tieto's major competitors are international IT service providers, such as Accenture, HP, IBM, Fujitsu Siemens and Logica. Most competitors provide a wide range of both project services and continuous services. In emerging, fast growing areas like SaaS (Software as a Service) new specialized competitors have emerged.

In the Nordic countries, Tieto is among the leading IT service providers. Only IBM ranks higher than Tieto (PAC,

WORLDWIDE GROWTH RATES BY SERVICE TYPE AND TIETO'S NET SALES



Source: Tieto, Gartner (November 2008)

IT SERVICES IN THE NORDIC COUNTRIES BY SERVICE TYPE

	EUR million	Growth in 2008, %
Project services		
– IT consulting	1 757	5.4
– Systems Integration	5 932	4.5
Outsourcing		
– Application management	909	9.1
– Application outsourcing	362	9.6
– Business process outsourcing	724	8.7
– Complete outsourcing	1 684	5.3
– Hosting	519	7.5
– Infrastructure outsourcing	2 283	6.4

Source: PAC

Service integration between the physical and digital worlds can be seamless, and interaction should be easy and efficient for everyone.

2008). In project services, Tieto ranks number one in the Nordic countries. Project services account for more than half of Nordic IT services.

In Finland, Tieto is the market leader with an estimated market share of 26% in IT services (IDC). In Sweden, Tieto's market share is estimated at 7% (IDC).

European leader in R&D services for the telecom sector

In R&D services for the telecom sector, Tieto is the leading company in Europe and one of the largest globally. Tieto's competitors are global companies like Aricent, CapGemini, TCS – Tata Consultancy Services and Wipro, which differentiate themselves by a combination of low costs and competence. Additionally, the competitors comprise several local players. In R&D services, Tieto's competitive advantage is strongly based on customer closeness, coupled with competence and global delivery capacity. Tieto also provides R&D services to other industries, such as automotive and defence. In these segments, however, customer focus is more local.

Tieto's market position

IT services, total	#2 in the Nordic countries
IT services, project services	#1 in the Nordic countries
Telecom R&D	#1 in Europe, one of the largest globally
Market share in Finland	26%
Market share in Sweden	7%

Source: PAC, IDC

Cases

Payroll management for employers

Palkka.fi is a free payroll management system provided to companies and households by the Finnish tax administration. Its user interface enables employers to manage all their wage payment obligations and input their archives, accounting and register of employees with full data security. The taxman and the insurance companies obtain the information they need in electronic form.

Loyalty programme support on the website

Plussa.fi is Kesko's website for its loyalty programme – Plussa points. Kesko is the leading provider of services in the Finnish retail and wholesale sector.

IT to support sales and logistics

Norske Skog's information technology solution supports the company's business strategy in sales and logistics. The solution is based on SAP technology and Tieto's industry-specific solution modules.

Online services for customers

Trondheim Energi has launched extensive and comprehensive online services. Its customers can log into the company's Customer Information System and conduct all the most common and most critical transactions online.

IT can help elderly people stay longer at home

In the near future, we will see growing demand for services that support elderly people even as resources decrease. In addition to the existing public service providers, a growing number of companies and volunteer organizations are entering the market. Providers of care for the elderly range from municipal health services to private sector transport firms and home care. They need easy-to-access IT solutions to communicate with each other.

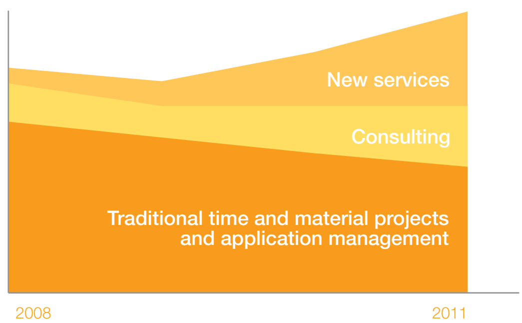
Long-term trends

Changes in user behaviour drive the service economy

The generation that has used digital media for all transactions since childhood is joining the corporate world. They demand continuous service and ease of use without time or place restrictions, not only as customers but also as employees. This applies equally to business-to-business transactions and internal processes, and to companies in the service sector and the manufacturing industry.

A large share of products and services is already produced, distributed and consumed digitally – and the role of IT is still growing. Services currently account for over 65% of European GDP and that share, too, is on the rise. Only a few years from now, electronic services will represent more than half of the value of all services. Furthermore, digital processes are increasingly used to control the production and distribution of many physical products.

New services drive long-term growth



End-to-end services build rich user experiences

Digital services play a significant role in shaping the economy – just think about the way you select, order and pay for goods and services today. Systems that make this process faster and more user-friendly are absolutely vital to business. They provide companies with major competitive advantages.

Merger of IT and business generates new revenue

Information and communication technology increasingly enables new business and growth instead of merely serving as a support function or an efficiency factor. When organizations seek to introduce new business models or expand to new territories, they need to transform their business processes and IT environments accordingly. Competition and globalization are intense. Companies must evolve faster and achieve shorter time-to-market for new ideas, products and services. Continuous transformation is required.

Transforming a business involves more than just implementing technical structures and solutions. The transition has to be managed in a way that addresses the processes, the evolving roles and tasks of employees and their need for new capabilities. Companies must take their agility to the next level to cope with the speed of this transformation.

Efficiency and quality demands lead to new ways of delivering services

Companies in every industry and business face a major challenge: they must be able to transform their business models, processes and IT infrastructure into a service mode. To achieve this profitably, it is vital to industrialize service provision. First, this ensures efficiency and maintains the expected level of service and experience quality. Second, more and more mission-critical processes are IT platform-dependent and we are seeing the rise of fully digital services.

These demands also apply to IT service providers. As the information technology industry matures and goes global, it is vitally important to solve how and where services are to be produced. Standardized products and new service-based ways of delivering IT, e.g. managed services and SaaS (Software as a Service), are increasingly valued around the world. To this end, IT companies are developing global delivery models that support cost-efficiency and quality.

Sustainable IT

ICT accounts for 2% of global CO_2 emissions, on a par with the aviation industry. If left unchecked, absolute CO_2 emissions and the percentage of global CO_2 accounted for by the industry will grow as we see continued growth in software applications and the volume and use of ICT related equipment.

That said, IT can significantly facilitate controlling and reducing other types of emissions – the 98% of CO_2 generated by other activities and industries. Unsustainable development has to be tackled by all stakeholders in the industry through product innovation, standards, legislation and changes in user behaviour.

Group review

Net sales

Tieto's full-year net sales grew by 5% to EUR 1 865.7 (1 772.4) million. In local currencies, growth was 7%. Organic growth totalled 6%, well in line with market growth.

Demand for IT services slowed down towards the year-end due to the sharp downturn in the world economy. However, the effects varied largely by business area. Banking & Insurance and Telecom & Media were affected the most. In line with the market, Telecom & Media's net sales growth slowed down in 2008 after a long period of strong growth. On the other hand, business areas serving the public sector – that is, Government, Manufacturing & Retail and Healthcare & Welfare – held on.

Net sales were up 6% in Finland and 2% in Sweden. In Finland, all business areas saw growth. In Sweden, the modest growth was mainly attributable to weak development in Telecom & Media and of the weak Swedish krona. In Denmark, all business areas powered ahead and net sales grew by 85%. In Norway, net sales grew by 5%, supported by Healthcare & Welfare's strong performance. In Germany, net sales declined by 4%, mainly due to the closure of Banking & Insurance's operations in 2007.

The telecom and media sector's share of consolidated net sales amounted to 35% (37). The banking and insurance sector generated 22% (22) of net sales, whereas the public sector's contribution was 16% (15).

Performance Improvement Programme

The Performance Improvement Programme is expected to generate annual cost savings of EUR 130 million as from the end of 2009. A major part of the actions related to this programme were implemented in 2008. The programme has resulted, for example, in a higher utilization rate, accelerated transfer of production to the global delivery centres, better procurement conditions and enhanced management of deliveries.

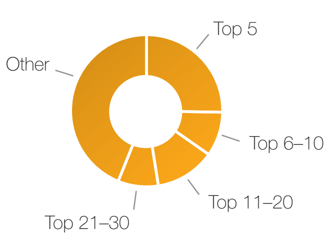
The programme has progressed ahead of schedule. The actions taken by the end of December amount to annualized savings of EUR 120 million, of which close to EUR 43 million has impacted 2008 performance. The savings reached to date will come into full effect as from the end of 2009. About two thirds of this improvement is employee related.

The costs related to these actions have impacted Tieto's profitability during 2008 and will continue to impact profitability during 2009. The restructuring costs, provisions and impairments related to the programme are expected to amount to approximately EUR 160 million of which one-off costs of EUR 104.7 million materialized in 2007 and EUR 39.6 million in 2008.

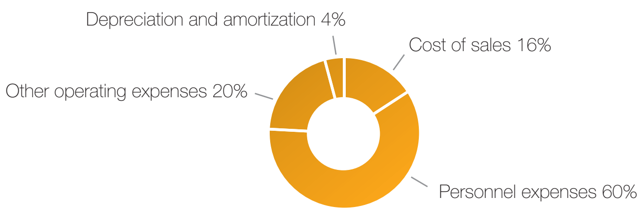
Profitability

Operating profit, excluding one-off items mainly related to the Performance Improvement Programme, amounted to EUR

KEY CUSTOMERS´ SHARE OF TIETO´S NET SALES



COST STRUCTURE



The Performance Improvement Programme is expected to generate annual cost savings of EUR 130 million. The programme has progressed ahead of schedule.

149.9 (107.6) million, representing a margin of 8.0% (6.1). All business areas improved their profitability. The actions related to the Performance Improvement Programme were the main contributor to the rise in margin.

In the full year, Tieto booked EUR 39.6 million in one-off items related to the programme. Out of these items, costs from personnel restructuring totalled EUR 24.8 million. Full-year operating profit, including one-off items, amounted to EUR 111.6 (1.3) million.

The full-year operating margin was 14% (14) in Finland. In Sweden, all business areas improved their profitability and operating margin totalled 8% (3). Compared to 2007, the operating margin also rose in all other main markets due to fewer project losses and the actions related to the Performance Improvement Programme.

Net financial expenses stood at EUR 29.2 (9.9) million. Net interest expenses were EUR 9.3 (7.1) million and net losses from foreign exchange transactions EUR 21.2 (0.7) million, of which unrealized net losses EUR 23.4 million. Other financial income and expenses amounted to EUR positive 1.3 (negative 2.1) million.

Full-year earnings per share totalled EUR 0.83 (-0.44).

Operating profit (EBIT) for the full year includes EUR 10.0 (9.8) million from amortization on allocated intangible assets. The costs arising from share-based payments of EUR 5.3 (2.9) million are included in employee benefit expenses.

The 12-month rolling return on capital employed (ROCE) was 25.2% and the return on shareholders' equity (ROE) 12.6%.

Personnel

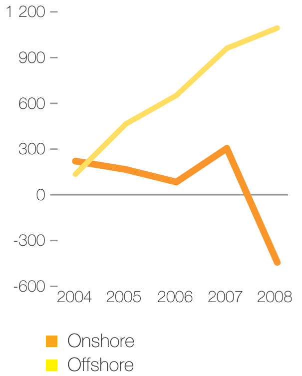
The number of full-time employees totalled 16 618 (16 324) at the end of December. A total of 2 841 (3 066) employees were hired in 2008. Due to the exceptionally high attrition rate, recruitment activity was brisk both in high-cost counties, 1 220, and offshore locations, 1 621. However, as the number of persons who resigned was high, the net number of new hires did not grow accordingly. The net number increased by 1 094 in offshore sites, and decreased by 443 in onshore countries.

At the end of December, the number of employees in global delivery centres had increased by close to 30% from 2007 and totalled about 4 280 (3 270), or 25% (19) of the total headcount. In line with the company's strategy, global operations grew fast, especially in India and China.

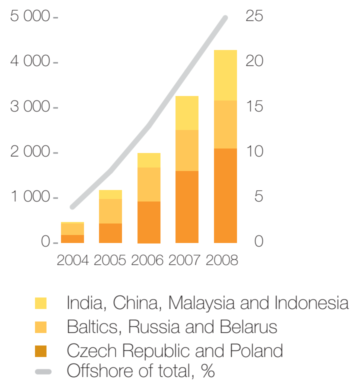
The 12-month rolling employee turnover stood at 12.8% (11.2) at the end of December. Turnover, however, decreased substantially towards the end of 2008. The average number of full-time employees was 16 397 (15 588) in the full year.

Wages and salaries for 2008, were EUR 793.7 (763.5) million.

NET RECRUITMENT



PERSONNEL IN OFFSHORE COUNTRIES



Committed to responsibility and sustainability

Responsibility and sustainability mean that we use sustainable business practices. We are environmentally and socially responsible and deliver long-lasting results.

Personal and professional growth as a common goal

Tieto's new strategy and business model focus on customer centricity, close cooperation across industries and countries, and openness. In line with its strategy, Tieto is also expanding its business in new markets. This extensive change creates challenges for the Human Resource (HR) management and the development of personnel.

HR aims to help Tieto achieve its new, updated targets. Key focus areas include developing competences and ways of working to foster customer centricity, cooperation and openness throughout the company. This will guarantee the highest possible added value for customers, while also ensuring that efficiency and profitability targets are met. The company will also continue its efforts to become the industry's employer of choice, and is, for example, overhauling its compensation system.

Development initiatives based on personnel satisfaction survey

Tieto conducts an annual personnel satisfaction survey. 2008 saw a slight upturn after several years of downward trends in satisfaction. The company has used the results of this survey to define key development areas for 2009. This will help ensure that these favourable trends continue, and that the company will be successful in mobilizing its new strategy and closer, customer-centred cooperation. These key areas are openness, developing leadership skills, and instilling a culture of renewal throughout the organization. The company will also make better use of development discussions to help employees become more target-oriented and efficient and to analyze career expectations and offer opportunities.

Improved employer brand

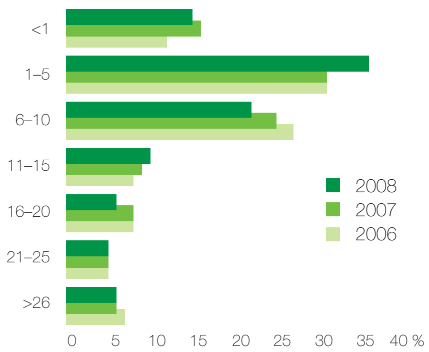
Tieto aims to become an employer of choice both in its home markets and in new markets where the company is still relatively unknown. The company seeks to bolster its image as a responsible employer that offers challenging and interesting tasks and invests in personal and professional growth. In 2008, Tieto focused on increasing recognition and strengthening its position in India, the Czech Republic, Lithuania, Latvia, Poland, Norway and China. Measures were also launched in Finland and Sweden.

The upturn in the personnel satisfaction survey results shows that Tieto has succeeded in bolstering its employer brand. Good results were achieved for example in India and the Czech Republic. In India, personnel turnover is about half of the industry average. Tieto receives about 2 000 job applications per month in India. In the Czech Republic, the company is the employer of choice in the Ostrava region.

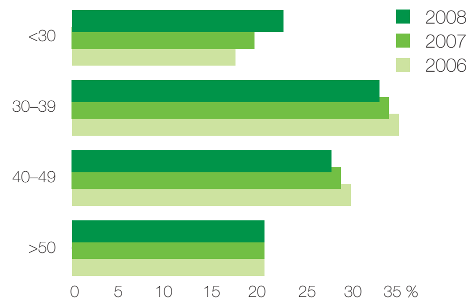
New compensation system supports shared goals

Preparations for a compensation system overhaul began during 2008. The revamped system is being designed to support the implementation of the new strategy and business objectives by creating a clearer connection between

LENGTH OF EMPLOYMENT



PERSONNEL BY AGE



compensation, individual performance and the company's financial position. The new system's key elements are clearly defined goals and incentive-based compensation.

Competitive compensation supports the company's aim to become the employer of choice, as well as ensures that its skilled professionals remain with the company and that the company attracts new talents. The system is based on comprehensive compensation, including benefits and performance-based incentives in addition to salary. The new compensation principles will be phased in during 2009 and 2010.

IT systems boost planning efficiency

During the year under review, Tieto launched a project to overhaul its HR planning IT system. The revamped system will, for example, enhance competence management. The company will be able to monitor and identify those areas with sufficient competence and those that require development. The system will also support filling open positions, attaching staff to projects, and career planning. IT development is also linked to the new compensation system. The project aims to, for example, make it easier to monitor employee performance. The overhaul was launched in 2008, but most of the work will be done in 2009.

Bolstering competence development

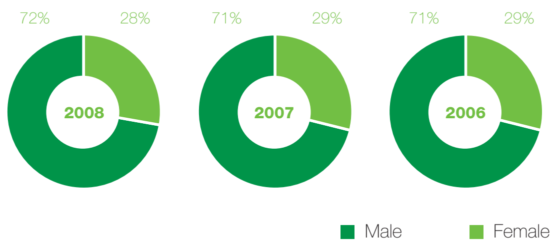
Tieto is investing in career guidance services that will help increase internal mobility. Career CHOICE seeks to increase the availability of talented individuals for managerial and expert positions, attach staff to projects faster and step up the utilization rate. Tieto also has specific goals for systematic personnel management development, which will help to attract top experts.

In 2008, the Group established its global career path framework to further advance competence and career development. The framework gives employees an overview of the career opportunities offered by Tieto, describing the areas of responsibility associated with each career level, as well as the experience, education and competence required. Tieto's major career paths are IT professional, project manager, line manager, sales professional, business consultant, and functional support specialist.

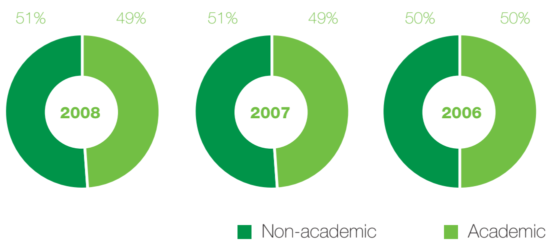
Personnel growth

The number of full-time employees totalled 16 618 (16 324) at the end of December. A total of 2 841 (3 066) employees were hired in 2008. Due to the exceptionally high attrition rate, recruitment activity was brisk both in onshore counties, 1 220, and offshore sites, 1 621. However, as the number of persons who resigned was high, the net number of new hires did not grow accordingly. The net number increased by 1 094 in offshore sites, and decreased by 443 in onshore countries. The average number of full-time employees was 16 397 (15 588) in the full year. The 12-month rolling employee turnover stood at 12.8% (11.2). Turnover, however, decreased substantially towards the end of 2008.

PERSONNEL BY GENDER



ACADEMIC EDUCATION



Corporate responsibility – caring for people and the world

- Tieto complies with the principles of sustainable development. For many years now, the company has engaged in a wide-scale drive to reduce the environmental burden of its operations.
- The company makes its greatest contribution to the development of a society that puts a smaller strain on the environment through its services and solutions. Tieto seeks to deploy IT in the operations of its customers in order to minimize their environmental load.
- The company's values place a priority on taking good care of employees and providing opportunities for professional learning and growth.

Member of the sustainable development indices

Tieto is a member of the sustainable development indices of three research bodies: the Ethibel Sustainability Index (ESI), FTSE4Good and the Kempen SNS Smaller Europe SRI Index. According to these research bodies, Tieto addresses corporate responsibility – particularly its economic and environmental dimensions – through appropriate policies and programmes. In the social dimension, the company's community involvement is low in international terms. This is partly due to the robust social security networks of the Nordic countries.

The Corporate Responsibility Framework and management

The company's key stakeholders – customers, employees, investors, the authorities and the media – now hold corporate responsibility in greater importance than ever before. Tieto meets the ethical, legal and economic expectations of its stakeholders.

Tieto's Corporate Responsibility practices complies with the principles of the UN Global Compact initiative and Social Accountability International, SA 8000. The company is also committed to upholding the Finnish Corporate Governance Code for listed companies, which entered into force at the beginning of 2009.

During the year now ended, Tieto appointed an officer to attend to corporate responsibility. He heads up Tieto's corporate responsibility Steering Group, which comprises the executives who are responsible for the different areas of corporate responsibility. The steering group meets quarterly to coordinate and follow up corporate responsibility activities, make proposals on the development of operations and steer the implementation of the Corporate Responsibility Framework.

Code of Conduct

Tieto has a comprehensive Code of Conduct that concerns its values and business principles. All employees are expected to uphold the Code. In all of its business countries, Tieto abides by local laws and regulations and promotes fair competition in accordance with applicable legislation. In situations where law does not provide guidance, the company applies its own

ETHIBEL
ETHIBEL SUSTAINABILITY INDEXES

FTSE4Good

Kempen SNS Smaller Europe SRI Index

Tieto's environmental burden is mainly related to running its office premises, data centres and business travel and is thus lower than that of companies with physical production facilities.

standards based on its corporate values and culture. The company also complies with the United Nations Universal Declaration of Human Rights.

New employees accept the Code of Conduct when they sign their employment contract. Tieto's aim is that all its present employees will also confirm their acceptance of the Code by signing it. By the end of 2008, about 80% of personnel had signed. The Code of Conduct is included in all of Tieto's management training programmes.

The company has also drafted in-depth HR, environmental and occupational health and safety policies. The Code of Conduct and policies are available in full on the company's Internet site.

Environment

Tieto supports a preventative approach to environmental challenges and a responsible way of conducting its own business operations. The company's environmental burden is mainly related to running its office premises, data centres and business travel and is thus lower than that of companies with physical production facilities. Environmental indicators are monitored in the Group's reporting system.

Facilities, working

Tieto seeks to maintain the occupation rate of its premises at as high a level as possible. The company operates in leased facilities and concludes lease agreements based on its anticipated need for space. In 2008, the occupation rate of facilities in Finland, its largest business country, was 0.83 (0.90).

Tieto monitored the efficiency of the use of facilities in all its business countries in 2008. Efficiency is measured by square metre costs, workspace-specific costs and the utilization rate of working facilities. Electricity consumption is measured in terms of the number of square metres. The aim of annual monitoring is the optimal use of facilities and energy with a view to minimizing the environmental burden.

Tieto harnesses digitalization in its operations to reduce the environmental burden. Digitalization simplifies and accelerates many internal processes. Tieto also attempts to increase process digitalization in its contacts with customers and partners by using electronic documentation and invoicing, for example.

Energy

Tieto measures the energy-efficiency of its premises with Group-wide sampling, and monitors trends on a monthly basis at the unit level and annually at the Group level. Climatic conditions, cultural factors and the occupation rate of the facilities result in variations in energy consumption between the different countries. In Finland, average electricity consumption per person was 4.3 (4.4) megawatt hours.

Waste

Tieto collects and sorts waste paper in every office, and delivers it to recycling. Ink cartridges and various other computer wastes are also recycled. Biodegradable waste is mainly generated in locations where Tieto has a personnel restaurant and it is separated from other waste. Elsewhere biowaste is disposed of as part of mixed waste. Tieto has personnel restaurants only in Finland.

In other business countries, Tieto follows applicable waste management regulations. So far, it has not been possible to measure what proportion of the waste material is actually recycled.

Travel

According to Tieto's travel policy, work travel must always be based on immediate needs and use the most affordable means. The company strives to reduce travel costs and environmental strain. Travel costs and the savings targets are monitored at the Group level. To reduce the need for travel, Tieto has invested in various technologies such as video and teleconferencing hardware and software. However, the positive impact of this is offset by growing global operations and consequent increase in travelling.

Tieto engages in expanded monitoring of air travel, with a particular focus on Finland and Sweden. The report includes the number of trips and flight kilometres itemized by destination. In 2008, the number of kilometres flown by Finnish employees was about 13.7 (12.9) million. For the Swedish employees, the number of kilometres was 13.9 (13.2) million.

Social responsibility

Social sponsoring

Social sponsoring is part of Tieto's sponsorship strategy. It includes financial and other support to non-profit organizations and training projects in accordance with the Code of Conduct. Tieto strives to bear its corporate responsibility in a balanced and sustainable manner and supports its sponsorees on a long-term basis, not merely as one-off investments. The Nordic countries have highly evolved social welfare systems; consequently there are fewer charities than in the Anglo-Saxon countries or Asia.

Tieto supports the work of SOS Children's Villages in Poland and the association's youth centre in Lithuania as well as the charity work of the Identity Foundation in India. SOS Children's Villages is a charity that helps orphans, abandoned children and children whose families don't have the means to support them. Families play a key role in providing long-term care for these children. The Identity Foundation runs Mobile Learning Centre buses that provide education and entertainment to underprivileged children.

Generating energy through recycling

Tieto's data centre in Sweden successfully recycles the energy it uses to provide heating for the nearby office building, covering approximately 31 000 square metres.

80% of the energy needed to heat the office building has been captured from large chillers in the data centre and recycled, thus saving more than 3 million kilowatt-hours, which is equivalent to the amount of energy needed to heat about 200 family-sized houses in Sweden for a year.

This initiative has been running since 1978, and has helped Tieto's data centre to make annual savings of 20% on electricity costs.

A more recent initiative has involved the replacement of Tieto's uninterruptible power supply (UPS) system with a more energy-efficient version that is expected to cut annual electricity bills by a further 3 to 5%.

Employees

Tieto is a provider of professional services. Its business is based on the skills and motivation of its employees. Continuous personnel development, career opportunities and employee wellbeing are thus fundamental to the way Tieto conducts its business. Employee satisfaction is measured annually with a Group-wide survey. The results of the survey are used to guide further development.

Tieto's new strategy and operating model provide employees with new opportunities for personal and professional growth. The need to hone skills and the company's growing operations in Eastern Europe and Asia pose new challenges for human resources management and compliance with HR policies. These and other personnel matters are discussed in the HR section on page 34.

Major achievements in 2008

Environmental responsibility

- Many sustainable achievements in reducing the environmental load of the company's own operations with respect to energy consumption as well as the development of the service offering. See the Green IT article on the next page.
- The company set itself the goal of achieving a WWF Green Office certificate. The concept was launched at the Imatra office in Finland at the beginning of 2009. The company aims to expand the concept to the Helsinki headquarters and selected other locations.

Social responsibility

- About 80% (74) of the employees have signed the Code of Conduct
- The company set itself the goal of including the acceptance of the Code of Conduct in the cooperation agreements made with suppliers. A few agreements including the acceptance were concluded in 2008.
- Corporate responsibility was incorporated into international executive training in the Nordic countries, Eastern Europe and Asia.
- The Career CHOICE service, which promotes internal mobility and career development, was upgraded further. The global career path framework has consolidated its position.
- Preparations for a compensation system overhaul began during the year now ended. The new compensation principles will be phased in during 2009 and 2010.
- Tieto chose SOS Children's Villages in Poland and Lithuania as a new social sponsoree.

Economic responsibility

- The company improved its profitability substantially compared with 2007, bolstering its financial position.
- The new strategy and operating model are geared towards even more consistent and efficient operations for all stakeholders.

Green IT – leading the way to a green future

- With the environment high on the agenda, Tieto is examining how to reduce the impact of its greenhouse gas emissions on its business and customers.
- The key is to fulfil environmental obligations through efficient and cost-effective operations.
- Tieto's green IT policy helps the company in this effort, ensuring responsible services and yielding huge energy savings and operational efficiency.

Tieto's Green IT Framework and targets

Running a green business involves improving efficiency and lowering energy consumption. Service desks and IT support comprise the heart of Tieto's Green IT Framework. They promote sustainable ways of working within Tieto. Their focus is on efficiently recycling hardware, advising users to switch off equipment and raising awareness through e-learning.

Data centres, with their servers and cooling systems, account for the highest consumption of energy in office buildings. Tieto has consolidated and pruned its data centres and is making more intelligent and efficient use of virtual servers. This has cut down on heat output, and less energy is needed for cooling.

Working remotely is another element of the framework, along with the digitalization of operations and facilities. Collaborative tools such as video conferencing have enabled Tieto to reduce its travel budget. The company monitors heating, lighting and water consumption and has a comprehensive recycling, reuse and disposal programme.

These measures have reduced energy consumption in offices and facilities by up to 30%. And Tieto will now launch even more progressive strategies to minimize direct and indirect emissions. Over the next five years, Tieto will invest in green IT targets to significantly boost the energy efficiency of its data centres. The company will also introduce a new procurement policy to encourage more energy-efficient solutions in technology and services.

Tieto will forge ahead with its Future Office solution – which encourages collaboration between colleagues, partners and customers through constant availability – to reduce travel by another 25%.

Day-to-day actions

With its internal green IT policy, Tieto has reduced the number of file servers substantially worldwide and consolidated minor data centres across the company.

Tieto has also embarked on a large virtualization project and seeks to improve the shared systems management platforms – including backups and archives. Data centre recycling, waste and disposal are handled in an environmentally-aware way.

PC workstations contribute substantially to energy costs and environmental impacts. Tieto is replacing workstations with

Traceability improves environmental performance

Traceability is the ability to track goods along the distribution chain on a batch or series number basis, right down to item level. Traceability has become standard practice in both the automotive industry, where it makes recalls possible, and the food industry, where it contributes to food safety.

The participation of Tieto and IVL (the Swedish Environmental Research Institute) in an EU project called Indisputable Key has been the springboard for a new solution that uses traceability to improve the environmental performance of companies in the forestry and wood industries.

The new solution, Traceability Services, is being implemented by Tieto. It provides customers with tools for analyzing environmental impact scenarios. The results can help customers achieve a competitive edge by gaining environmental certification for their own products and manufacturing processes.

laptops because they use less energy and employees switch them off when taking them out of the office. More than 25% of the workstations have been replaced so far. During the last two years Tieto has replaced about 80% of its monitors with energy-saving flat-screen models.

Printing is another aspect of green IT. Tieto is now installing larger, more effective printers that consume less electricity and are shared by more users. Older printers are being phased out. The number of printers has been cut from 2 700 to 900. The company aims to reduce this number by a further 200 in the next two years. With fewer devices, Tieto uses less ink; it also recycles the cartridges.

Responsible green services

Green IT is an important part of Tieto's customer consolidation and optimization services. Old equipment is replaced with energy-efficient platforms – virtual servers, blade servers and shared system management platforms, such as backup and archiving.

Another important "greening" activity, in line with Tieto's Economy and Ecology (ECO) thinking, is the 350 square metres data centre in Sweden. This centre is known as the transition hall. The customer's equipment, such as servers and backup systems, is housed in the transition hall. Once the consolidation and optimization project is finalized, a large proportion of the systems and applications are moved onto more ECO-responsible and energy-efficient servers and platforms located in specially-designed blade server data centres. This results in greater optimization for the customer, as the consolidated shared storage equipment reduces environmental impacts and lowers both energy and IT costs.

Tieto's IT consolidation enables enterprises to deploy virtualization techniques that can radically improve server utilization. These include shared disc systems, low voltage features and configurations, and the use of the most energy-efficient data storage. This in turn reduces costs and environmental impacts.

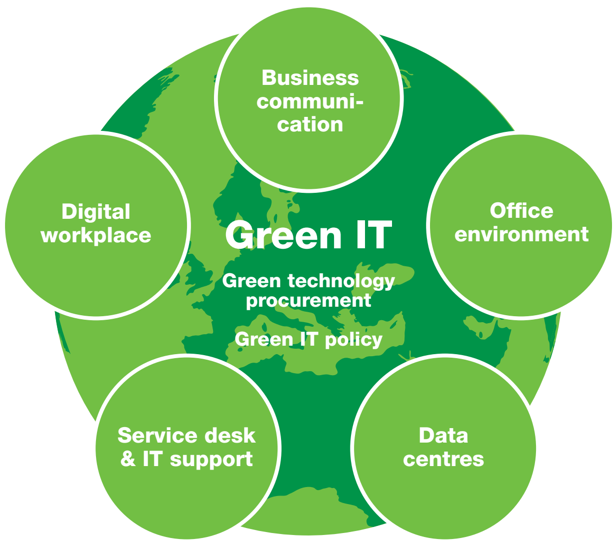
A data centre in Finland serves as an excellent example: it runs over 1 000 virtual units and Windows servers on about 60 physical servers. This technology, used together with the low-voltage options of the servers, provides customers with substantial energy savings.

Tieto's applications

Tieto has gone a step further in its commitment to green IT by developing software applications for its customers that enable them to make better use of resources and in turn reduce environmental impacts.

The practical tools that Tieto has introduced internally are also available to its customers to help them become greener and reap the same benefits.

Green IT Framework



Corporate governance

The new Finnish Corporate Governance Code issued by the Securities Market Association of Finland entered into force in October 2008. TietoEnator Corporation (Tieto) is fully committed to good corporate governance and complies with the Finnish Corporate Governance Code.

The Annual General Meeting

The Annual General Meeting (AGM) is the supreme decision-making body of the company. It elects the members of the Board of Directors and appoints auditors, decides on their compensation and discharges the members of the Board of Directors from liability. The AGM's approval is further required for option programmes as well as, for example, Board authorizations for share repurchases and share issues. The AGM also makes a final decision on the Board's annual dividend proposal, and may further decide on matters that would otherwise belong to the Board of Directors' authority.

An AGM is convened annually, usually in March. Extraordinary General Meetings (EGM) are, if necessary, convened for a particular purpose by the Board of Directors, the company's auditors or shareholders holding at least 10% of the shares and votes.

In 2008, the AGM convened on 27 March at Tieto's office in Espoo, Finland. Altogether 598 shareholders and 24 372 782 shares (34.0% of the total outstanding shares) were represented at the meeting. All decisions were made unanimously without voting. No EGMs were held in 2008.

The Board of Directors

The Board of Directors has general authority to represent the company and has responsibility for the proper administration and business operations of the company. The Board complies with applicable Finnish legislation in effect from time to time, in particular the stipulations of the Companies Act and the Securities Market Act, and the regulations of the Stock Exchanges on which the company's shares are listed. The Board has a quorum when more than half of its members are present. Decisions are made by a simple majority of votes. In the event of a tie, the Chairman shall have the decisive vote. The Board also draws up an annual plan of action.

Composition and election

The Board's Remuneration and Nomination Committee prepares a proposal on the composition of the Board, which is then presented to the AGM for its decision. Shareholders may also propose Board members to be elected by the AGM. Tieto's Board of Directors shall consist of no less than six and no more than twelve members and each of these members has a term of office of one year. Board members shall be professionally competent and a majority of Board members shall be independent of the company (neither employed by the company nor having any material connection that might influence their ability to make decisions independently) and at least two of the members representing that majority shall be independent of the company's significant shareholders. Further, a person who has reached the age of 68 may not be elected as a Board member.

In addition to the members elected by the AGM, the company's personnel elect two representatives to the Board of Directors. This is done by the personnel representatives of the Tieto Group Personnel Representative Body (PRB). The Board elects a chairman and a deputy chairman from amongst its members.

The 2008 AGM re-elected Bruno Bonati, Mariana Burenstam Linder, Bengt Halse, Kalevi Kontinen, Matti Lehti, Olli Riikkala and Anders Ullberg. In addition, the meeting elected Risto Perttunen as a new member. Anders Eriksson and Jari Länsivuori stayed on as personnel representatives. In May, the Chairman of the Board of Directors, Matti Lehti informed the company that he will resign from the Board due to health reasons. The Board's Deputy Chairman Anders Ullberg was appointed as the new Chairman and Board member Olli Riikkala as Deputy Chairman as of 8 May 2008.

Following these changes, the Board has been composed of the Chairman and six non-executive and independent directors, and two personnel representatives. The Board of Directors and their share ownerships in Tieto are presented on pages 52–53.

Assessment of the Board

The performance of the Board is assessed annually, reviewing the Board's knowledge of the company's operations, organization and culture as well as its understanding of the field of business. Additionally, the effectiveness of the Board work is assessed. The assessment is taken into consideration when drawing up a proposal for the Board's composition and its next annual action plan. The latest assessment of the Board's performance was carried out by an external expert in late 2008.

The performance of the Board is assessed annually. The results are taken into consideration when drawing up the Board's next annual action plan.

Tasks of the Board

It is the Board's general obligation to safeguard the interests of the company and its shareholders. In practical terms, the Board shall direct the company's activities in a way that generates maximum shareholder value in the long term, while observing the expectations of the shareholders and the company's other stakeholders. More specifically the Board:

- determines the company's values, strategy and organizational structure
- defines the company's dividend policy
- approves the company's annual plan and budget and supervises their implementation
- monitors management succession issues, appoints and discharges the President and CEO
- decides on the President and CEO's compensation, sets annual targets and evaluates their accomplishment
- addresses the major risks and their management at least once a year
- reviews and approves interim reports, annual reports and financial statements
- reviews and approves the company's key policies
- meets the company's auditors at least once a year without the company's executive management
- appoints the members and chairmen of the Board's committees and defines their charters
- directs the planning and evaluation activities of its committees
- evaluates its own activities.

Board meetings

The Chairman shall convene the Board whenever needed as well as at the request of any of its members or the President and CEO. The Board has scheduled meetings every one to two months. In 2008, it convened 23 times and the average attendance was 97%. The number of meetings was exceptionally high due to the public tender offer ongoing during the year. The Board met twice during the year without the executive management present. With the auditors the Board met once, and this meeting took place without the executive management.

Board committees

Board committees assist the Board by preparing matters for which the Board is responsible. The Board defines the charters of the committees and decides on their composition. The entire Board, however, remains responsible for the duties assigned to the committees.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprises at least three non-executive directors. The Chairman and the members are elected by the Board. The majority of the members shall be independent of the company. The committee meets regularly and at least twice a year. The Chairman of the committee presents a report on each meeting to the Board. The main tasks of the committee are to:

- prepare for the Board the principles of executive compensation, the compensation of the President and CEO and his immediate subordinates, and the principles of personnel compensation
- prepare for the Board option schemes and other share-based incentive schemes
- monitor the targets of the compensation schemes, implementation of the compensation schemes, performance assessment and compensation determination
- prepare for the AGM a proposal on the composition of the Board and the compensation of its members
- prepare for the Board a proposal for the Chairman and Vice Chairman
- prepare a proposal on the Board's working orders
- prepare a proposal on the committee members and chairmen
- conduct an annual assessment of the Chairman and Board members
- monitor corporate governance.

Based on the Board's decision, the Remuneration and Nomination Committee is composed of Anders Ullberg (Chairman), Bruno Bonati, Mariana Burenstam Linder and Bengt Halse.

In 2008, the committee met 8 times and the attendance was 91%. The main issues considered by the Remuneration and Nomination Committee in 2008 were Board assessment, development of the Leadership Team, compensation for the Leadership Team and short-term and long-term incentive plans, including share-based incentive and option plans.

The Leadership Team members are accountable for the performance and development of their management areas.

Audit and Risk Committee

The Audit and Risk Committee comprises at least three non-executive directors who are independent of the company and out of whom at least one member shall be independent of significant shareholders. The Chairman and the members are elected by the Board. At least one committee member must be a financial expert.

The committee convenes regularly at least two times a year and meets the company's auditors, also without the company's management present. The Chairman of the committee presents a report on each meeting to the Board. The main tasks of the committee are to:

- supervise the financial reporting process
- discuss the annual and interim financial statements and review the annual and interim reports, and the company's accounting principles
- review significant and unusual business events
- monitor the financial statement reporting process
- assess compliance with legislation, regulations, and the company's Code of Conduct
- evaluate the efficiency and sufficiency of the risk management systems, internal control system and internal audit
- examine, assess and approve a plan for the internal audit
- review management's assessments of significant risks
- assess the coverage of risk management and its development plan and major risk positions
- assess the external audit plan
- review the description of the main features of internal control and risk management systems pertaining to the financial reporting process
- examine the auditors' reports and consult with the auditors on any matters that should be brought to the Board's attention
- assess the quality and scope of the audit
- prepare the proposal to the AGM regarding the auditors and their compensation
- evaluate the independency of the auditors.

Based on the Board's decision, the Audit and Risk Committee is composed of Olli Riikkala (Chairman), Risto Perttunen and Anders Ullberg.

In 2008, the committee met 9 times and the average attendance was 100%. The main issues considered by the Audit and Risk Committee in 2008 were reviews of the risk management coverage and major risks, audit reports and financial reports.

Executive management

The Group is led by the Parent company's Board of Directors and the President and CEO. The President and CEO is appointed by the Board. The President and CEO is responsible for the Group's operative management, internal efficiency and quality, and he is assisted by the Leadership Team.

In addition to the President and CEO, the Leadership Team comprises the heads of country and industry operations, the head of service lines, the CFO and Executive Vice President of HR. The Leadership Team members are accountable for the performance and development of their management areas and they supervise the operations of the units belonging to their areas.

On 15 February, Hannu Syrjälä took the position of the company's President and CEO. Mr Syrjälä was appointed the President and CEO in December 2007. A new Leadership Team was appointed in September with effect on 1 January 2009. The Leadership Team and their holdings of shares, warrants and options are presented on pages 54–55.

Operative group structure

The Group's operative management consists of the President and CEO, the Leadership Team, the industry and country organizations and the service lines. The company's operating model is based on horizontal integration and close collaboration across industries, countries and global delivery centres. The country organizations as well as industry organizations have a profit and loss responsibility.

As a general rule, the business units in each management dimension (industry, country or service line) make their own operative decisions and are responsible for conducting their operative duties.

Compensation principles

The compensation of Board members is decided by the AGM based on a proposal prepared by the Remuneration and Nomination Committee of the Board or shareholders. According to the decision of the AGM, members of the Board of Directors receive fixed monthly cash compensation that is specified in Note 6 of the Financial Statements. Board compensation does not include the company's shares or share derivatives. Tieto's executives or employees are not entitled to compensation for their Board attendance. Committee chairmen (if they are not the Chairman or Vice Chairman of the Board) and members receive additional monthly cash compensation.

The Board of Directors decides on the compensation of the President and CEO based on a proposal by the Remuneration and Nomination Committee. The President and CEO's salary, bonuses and other benefits are also specified in Note 6 of the Financial Statements. Executive management compensation consists of a base salary, benefits, an annual bonus, long-term incentives such as option programmes or other share-based programmes and pension rights. The aim of Tieto's compensation systems is to attract and retain talent, motivate key people and align the goals of the company's shareholders and key executives in order to enhance the value of the company.

The Remuneration and Nomination Committee is responsible for planning the compensation of executive management and preparing the principles underlying the compensation of other personnel. This includes both annual bonus systems and option or other share-based incentive schemes. The terms of option programmes are approved by the AGM and share ownership plans by the Board of Directors.

The purpose of the annual bonus schemes is to reward performance that surpasses expectations. Tieto's bonus system is based on clear measurable targets regarding net sales and operating profit as well as factors measuring success in the company's transformation, e.g. employee and customer satisfaction and quality improvements. The long-term incentives are directed at persons who play a key role in the future execution of the Group's strategy and whom it is important for the company to retain. The compensation of the whole executive management in 2008 is summarized in Note 6 of the Financial Statements. The details on the compensation of the President and CEO and other Leadership Team members are presented in the tables on this and the following page and the share-based incentives are described in detail on the company's website www.tieto.com/Shares.

Compensation of the Leadership Team

Hannu Syrjälä, the President and CEO

Salary and benefits	EUR 35 000/month and car benefit
Basis of bonus	Maximum 100% of salary based on the Group's net sales and profit.
Weighting of the reward factors	EBIT of the company 80% Net sales of the company (organic and acquisitive) 20%
Options and warrants	2006 B option programme: right to subscribe for 35 000 shares. 2006 C option programme: right to subscribe for 80 000 shares. The terms and conditions of the option programme are available on the company's website.
Share Ownership Plan 2006–2008	Right to 6 000 shares. Further information on the Share Ownership Plan in the Shares and shareholders section.
Performance Share Plan 2009–2011	Further information on the Performance Share Plan in the Shares and shareholders section.
Share ownership guideline	The recommended minimum investment in the company's shares corresponds to the share buyer's one-time annual gross base salary.
Retirement age	60
Pension level	23% of the yearly base salary
Period of notice	12 months
Severance payment	Equivalent to 12–18 month's salary

Other Leadership Team members

Basis of bonus	Maximum 60% of salary based on the Group's net sales and profit as well as annual performance index of transformation
Weighting of the reward factors	EBIT of the company 50% Total net sales of the company (organic and acquisitive) 15% Annual performance index of transformation 35%
Options and warrants	See pages 54–55 for the options held by each member. The terms and conditions of the option programme are available on the company's website.
Share Ownership Plan 2006–2008	See pages 54–55 for the number of shares each member is entitled to. Further information on the Share Ownership Plan in the Shares and shareholders section.
Performance Share Plan 2009–2011	Further information on the Performance Share Plan in the Shares and shareholders section.
Share ownership guideline	The recommended minimum investment in the company's shares corresponds to the share buyer's one-time annual gross base salary.

Steering system

Planning and reporting systems are used in the control and management of the Group's business operations. The steering system is based on balanced scorecard principles. Accordingly, in addition to the financial targets and metrics, targets and indicators are also specified for customers, personnel and internal processes. The planning system comprises strategic plans, revised annually, and annual action plans based on them. All these plans are confirmed by the company's Board of Directors. The reporting system consists of monthly performance reports, rolling forecasts and quarterly internal and published financial reports.

Key performance indicators and investment criteria

The company's key financial indicators are net sales, operating profit (EBIT) and earnings per share (EPS). These are used in the planning and follow-up reports of the steering system and also in investment calculations. Economic value added (EVA) is used especially in supporting investment decisions.

The key personnel indicators are personnel satisfaction and the preferred employer index. Tieto also performs regular customer satisfaction surveys in addition to project and service-based feedback to sound out its customers' opinions. The maturity, efficiency and performance of internal business processes are monitored at the business unit level.

Insider administration

Tieto follows the Guidelines for Insiders issued by OMX Nordic Exchange Helsinki. Tieto has also set its own insider policy, which is regularly updated and is available to all Tieto employees. Insiders are given information and guidance on insider rules. The registered public insiders of Tieto are its Board Members, deputy board members, President and CEO, auditors, deputy auditors and Leadership Team members. Their holdings of Tieto shares and securities are available in the insider register on the company's website as well as from Euroclear Finland Ltd.

Employees or other persons or companies who, by

At least once a year, the company assesses the trading of insiders that, on the basis of the register information, have a duty to declare.

virtue of their position or duties, may regularly receive insider information on the company are registered in a permanent company-specific insider register. The company also establishes project-specific insider registers when an issue or arrangement fulfils the project evaluation criteria established in the applicable rules and regulations.

Persons included in the public and company-specific insider registers are allowed to trade Tieto shares or other securities only during periods commencing on the first day following the publication of an interim report or financial statement bulletin and ending at the close of trading 28 days (four weeks) thereafter. Those entered in the project-specific insider register shall be prohibited from trading until the project expires or is made public.

The company requires its public insiders to verify the accuracy of the information declared to the company annually. At least once a year, the company assesses the trading of insiders that, on the basis of the register information, have a duty to declare. The company may also arrange other checks applicable to permanent insiders. The company shall, when necessary, conduct a more in-depth review of the trading of securities of its insiders on a case-by-case basis – for example, if a permanent insider sells or buys a large volume of securities or engages in continuous trading.

At Tieto, the General Counsel is in charge of insider issues. Tieto's insider registers are maintained in the insider register system of Euroclear Finland Ltd. Project-specific insider registers are kept by the Tieto Legal & IPR department.

Auditors

Tieto's auditors are appointed by the AGM. The 2008 AGM re-elected the firm of authorized public accountants PricewaterhouseCoopers Oy as the company's auditor. The 2008 financial statements of Tieto Corporation, including the Group accounts, were audited by PricewaterhouseCoopers Oy and the Group companies' financial statements were, with few exceptions, audited by its member firms.

The Parent company's auditors are responsible for planning, coordinating and supervising the audit of the entire Group. The audit plan is revised annually in cooperation with Group management and the Audit and Risk Committee to address any changed requirements. The company's auditors meet the whole Board of Directors at least once a year and the Audit and Risk Committee regularly, also without the company's management present. The auditors submit their report to the company's shareholders at the AGM.

The compensation paid to the auditors is decided by the AGM and assessed annually by the Audit and Risk Committee. In 2008, Tieto Group paid the auditors for auditing a total of EUR 1.5 (1.2) million, of which EUR 1.3 (1.1) million to the Group's auditor PricewaterhouseCoopers Oy, and for consulting a total of EUR 0.8 (0.7) million.

Communications

The Governance section on Tieto's website (www.tieto.com/Governance) includes information on Tieto's governance principles, such as information on the AGM, Articles of Association, Board of Directors, executive management and auditors. The Investors section of the website (www.tieto.com/Investors) includes basic information on shares, share price development, financial information, and the company's annual and interim reports. The Press Room (www.tieto.com/Press) provides an archive of Tieto's stock exchange releases dating back to 1996.

Risks and risk management

At Tieto, risk management is integrated into the business processes. Managers are responsible for conducting and implementing risk management procedures in their business transactions. Raising awareness of the importance of risk management and improving common processes and tools are prioritized in key processes such as sales and deliveries. Risk management is based on the risk management policy approved by the Board of Directors.

Targets for risk management

Risk management aims to support the execution of the company's strategy and the achievement of business goals, ensuring the continuity of successful business operations.

The main tasks of risk management are to identify the most significant risks for Tieto's business, assess the likelihood and seriousness of these risks, prepare action plans to mitigate the risks and report about key findings and risk management activities to the management, the Audit and Risk Committee and the Board of Directors. The risk management function is also responsible for the internal audit. The auditing actions are based on an annual plan approved by the Audit and Risk Committee. The risk management function reports to the Chief Financial Officer.

Risk management principles and responsibilities

Tieto's risk management policy defines the concept of risk, the risk management framework and the responsibility for risks within the company. At Tieto, risk management is seen as an integral part of management practices and it is integrated into the business processes. Managers in charge of business operations are also responsible for conducting and implementing risk management related to their business transactions. This is supported by the structured risk management processes, policies and guidelines that are defined in Tieto's W2E (Way to Excellence) business system.

W2E describes all the main processes at Tieto. The owner of each process is responsible for the continuous development of the established procedures. Risk management procedures are in place for business processes such as sales and delivery, comprising the following steps:

- identify
- analyze
- mitigate and
- follow-up.

For example, in a delivery project, the project manager is responsible for all these steps. The projects are to be followed and reported monthly. The major high-risk projects are reported to the top management monthly and to the Audit and Risk Committee quarterly.

Risk management in 2008

Tieto's major risks are also addressed in the company's new strategy and operating model, launched in 2008.

In 2008, Tieto set up more efficient risk management, and the implementation of these development measures will continue in 2009. Corporate management keeps risk management on top of its agenda in order to ensure the successful implementation of plans to clean up current high-risk projects and keep risks in new projects in check. Improving the related processes and tools is also an ongoing process.

Some of Tieto's greatest risks are posed by the quality of project deliveries. In 2008, Tieto continued to clean up the high-risk projects that mainly materialized in 2007. These efforts progressed according to plan. The Performance Improvement Programme launched in October 2007 also set its sights on improving quality. The programme addresses means to improve risk management in sales and deliveries by introducing the Sales and Delivery Portfolio Management process, which helps in managing the deliveries from the sales phase to the final approval of the delivery.

In order to increase corporate-level control of risks, Tieto has also developed reporting on the largest bids and the related risks as well as risky and exceptional projects. Additionally, new training for sales personnel was initiated to improve their understanding of risks, the importance of risks management and the use of common risk management tools.

In 2008, Tieto set up more efficient risk management. Implementation of these development measures will continue in 2009.

Risk categories

Risks at Tieto can be categorized as strategic, operational and financial. Strategic risks are related to Tieto's desired position and the threats resulting from the company's operating environment or management of its intangible assets, e.g. strategic capabilities and brand.

Operational risks are related to core business activities, such as the development of offerings, sales and deliveries as well as the management of human resources, intellectual property rights, information security, uninterrupted operation of ICT infrastructure and the terms and conditions of the agreements made with the customers or suppliers.

Tieto's financial risks consist of credit risk, foreign exchange risk, interest rate risk, and liquidity risk. The Group Treasury is centrally responsible for managing the Group's financial exposure. Its goal is to ensure cost-efficient funding for the Group at all times and to identify and hedge financial risks within the limits approved by the Board of Directors. The Group Treasury Policy specifies the principles underlying the management of these risks, and it also covers risks related to funding.

Separate risk management plans and programmes cover certain business-critical operations, such as the continuity of operations and corporate security.

Major risks

Tieto's main strategic, operational and financial risks as well as the measures for their mitigation are described in this section.

Impacts of changes in the global economy

The general market environment in customer industries and the development of general world economy influence demand for IT services and solutions. A downturn might lead to smaller business volumes – customers might cancel or postpone projects or are hesitant to make new investments in IT. In addition to changes in business volumes, a downturn often leads to higher price pressure and more limited funding possibilities for Tieto and its customers. On the other hand, tougher times can also create new outsourcing opportunities when customers downsize their internal operations.

These impacts are partly mitigated through multi-year contracts for continuous infrastructure services. Tieto also aims to foster long-term business relations and be a preferred supplier to its key customers.

Dependence on few markets or industries

About 46% of Tieto's sales and the majority of profits are generated in Finland. Telecom & Media and Financial Services account for approximately half of the company's sales. Sudden changes in the market environment, customer demand and customer strategies, or competitive landscape in these areas might harm the Group's operations and profitability.

Expanding business outside Finland is one of the company's key targets for the future. Special growth plans have been made for Sweden and Russia, but the company also aims to achieve growth in its other main markets in Northern Europe. Tieto provides services for a number of different industries. Strengthening the company's position in these segments reduces the risk of being dependent on one or two specific industries or customers.

Cost competition and implementation of the global delivery model

Global service capabilities are a must in the IT industry due to customers' increasing cost-effectiveness requirements and globalization efforts. Global competition in the IT sector and tough price competition are the other drivers for the global delivery model. Finding the right balance between resources in the home markets and in emerging markets is essential. Inability to respond to this need fast enough might lead to a decline in Tieto's growth and customer demand.

Tieto's aim is that 40% of its employees will work in the global delivery centres. To ensure cost-effectiveness and benefits of scale, the company plans to have fewer, but larger global delivery centres. To this end, resources will be increased, especially in China and India. Competence development is also a high priority to ensure that customers get high-quality services globally. The new service line driven implementation of the global delivery model will ensure faster and more efficient ramp-up of needed resources in global delivery centres.

Project risks

Customer projects that are not completed in time, unsatisfactory services and inability to meet the specifications of customer agreements might lead to project overruns, penalties or termination of customer contracts. This can lead to operating losses that have a negative impact on the company's growth and profitability. In some cases, the company's brand might be tarnished.

Improving quality has been one of the targets set for the Performance Improvement Programme launched in October 2007. The focus has been on improving risk management in sales and deliveries. A Sales and Delivery Portfolio Management process has been deployed to help manage deliveries from the sales case to the final approval of the delivery. Tieto has also enforced new training for sales personnel. Focus on customer centricity and a deep understanding of customer requirements are crucial in ensuring quality in the delivery of projects and services.

Retention of employees

Tieto's success is built on the competence, experience and performance of its employees, key managers and the top leadership team. Inability to retain key employees and recruit new talent that has the necessary competence might have a significant negative impact on the company's strategy implementation as well as sales and delivery capability. High employee turnover might cause delays in customer projects, leading to penalties or loss of customer accounts.

To reduce these risks, Tieto offers its employees challenging jobs, diverse development and training opportunities as well as interesting career paths through job rotation. The company has competitive compensation packages, including corporate-wide bonus and incentive systems. Talent management and competence development have a high priority in Tieto's new strategy. The company has also set up an Employer Branding programme to motivate employees and to build and strengthen Tieto's image as an attractive employer.

Credit risks

Changes in the general market environment and world economy can usher in additional financial risks. Credit risks might arise if customers or a financial counterparty are not able to fulfill their commitments towards Tieto.

Under Tieto's Credit Policy, the finance department together with business is responsible for assessing customers' creditworthiness, taking into account past experience, their financial position and other relevant factors.

During 2008, more focus was put on raising the awareness of credit risks by additional reporting and training. The collection process has also been changed to better meet higher credit risks.

Liquidity risks

In a financial crisis, the risk of liquidity constraints can arise if banks are not able or willing to provide sufficient financing. This is a risk for both Tieto and its customers.

Regarding Tieto's own situation, analysis of alternative financing sources for the company and their pricing are continuously updated. The company has also taken actions to ensure more efficient cash management and working capital as well as solid loan base comprising long-term loans.

Tieto's financial risks are described in full in the notes to the financial statements.

Internal control and auditing

Internal control is part of Tieto's management practices and is integrated into the business processes defined in the company's W2E business system. Each process includes process-specific control points and the managers responsible for business transactions are also responsible for conducting the required actions in each control point.

The target of internal auditing is to assess the effectiveness of the internal control system and risk management. Based on a yearly audit plan, internal auditing is conducted in the areas decided by the risk management function, CFO and the Audit and Risk Committee. At the moment, audits are carried out by an external partner that reports to the risk management function. The use of an external expert helps ensure the professional integrity of internal auditing. In 2008, internal auditing was conducted in the sales pipeline and collection.

The quality of Tieto's processes is also evaluated by an external assessor as the company's processes meet the requirements set in CMMI models. CMMI® (Capability Maturity Model Integration®) models are collections of best practices that help organizations improve their processes. Additionally, many of the company's units are ISO certified.

The Board of Directors evaluates the sufficiency of the company's internal control system and internal audit.

Risk management and internal control of financial reporting

The company's steering system is based on balanced scorecard principles – accordingly, in addition to the financial targets and metrics, targets and indicators are specified for customer, personnel and internal processes. Financial reporting consists of monthly performance reports including all the key performance indicators, rolling forecasts and quarterly financial reports. These reports are regularly reviewed by the management and the Board and the follow-up is based on a thorough comparison of the actual figures with the plans, forecasts and previous periods. If the figures deviate, the Leadership Team members are responsible for corrective actions.

The financial reports are

- a result of well documented processes and definitions
- tied to carefully structured control processes at all levels of the organization
- a combination of lagging and leading indicators
- supported by internal audits to check that the organization complies with internal policies and processes, as described under "Internal control and auditing".

Business contingency planning and corporate security

The Group has a unified incident management process. Security risks are divided into two main categories: those based on ICT (Information and Communications Technology) and those based on physical or personnel security. Corporate-level security policies, rules and guidelines cover both main categories. Business unit compliance with corporate-level security documentation is verified through unit self-assessments and audits. Audit procedures cover both ICT infrastructure and physical site security.

Board of Directors

Anders Ullberg,
born 1946, nationality Swedish
Non-executive, independent
Chairman from 8 May 2008

Board member since 1999,
Deputy chairman 2004–2008
Chairman of the Remuneration and Nomination Committee (from 25 September 2008)
Member of the Audit and Risk Committee (from 25 Sep 2008), Chairman 2004–2008

MBA

Chairman of the Board of Boliden, Eneqvistbolagen and Studsvik
Member of the Boards of Atlas Copco, Beijer Alma, Sapa Holding and Åkers
Chairman of the Swedish Reporting Board
Member of the Swedish Corporate Governance Board

President and CEO of SSAB Swedish Steel, 2000–2006
Executive Vice President and CFO of SSAB Swedish Steel, 1984–2000
Vice President Corporate Control of Swedyards (Celsius Group), 1978–1984

TietoEnator shares
(11 Feb 2009): 5 000

Olli Riikkala,
born 1951, nationality Finnish
Non-executive, independent
Deputy Chairman
from 8 May 2008

Board member since 2004
Chairman of the Audit and Risk Committee
(from 25 September 2008), member 2004–2008

MSc. (Eng.), BSc. (Econ.), MBA

Chairman of the Board of Helvar Merca Oy Ab, Comptel Oyj, Oriola-KD Oyj and Palodex Group Oy

Senior Advisor, GE Healthcare Information Technologies, 2004–2006
CEO, Europe, Middle East and Africa, GE Healthcare Information Technologies, 2003–2004
President and CEO, Instrumentarium Corporation, 1997–2003, member of the Board, 1987–2003
Various positions in Instrumentarium since 1979

TietoEnator shares
(11 Feb 2009): 4 000

Bruno Bonati,
born 1949, nationality Swiss
Non-executive, independent
Board member

Board member since 2007
Member of the Remuneration and Nomination Committee

MSc. (Econ.)

Independent Consultant with focus on Banking and IT
Chairman of the Board of Zürcher Schauspielhaus and Save the Children Switzerland
Board member of BestPractice, Cordys Industry Advisory, Capco Journal Editorial Board and Swisscom IT Services Ltd

Executive Board member, Technology & Operations, Credit Suisse Financial Services; 2002–2004
Chief Financial Officer, Technology & Services; Credit Suisse, 2000–2001
Head of department IT & Operations, Retailbanking, Credit Suisse, 1997–2000
Management positions in sales and logistics in Credit Suisse Group, 1986–1996

TietoEnator shares
(11 Feb 2009): 0

Mariana Burenstam Linder,
born 1957, nationality Swedish
Non-executive, independent
Board member

Board member since 2005
Member of Remuneration and Nomination Committee

MSc. (Econ.)

CEO and financial advisor at Burenstam & Partners Ltd
Member of the Board of Säkl Ltd, BTS Group Ltd, Kontanten Ltd and Burenstam & Partners

President at Ainax Ltd, 2004–2006
Head of Private Banking, Executive Vice President, SEB 1999–2003
CIO, IT Director at Trygg-Hansa/SEB, 1995–1999
CEO, ABB Financial Consulting, 1991–1995

TietoEnator shares
(11 Feb 2009): 100

Bengt Halse,
born 1943,
nationality Swedish
Non-executive, independent Board member

Board member since 2004
Member of the Remuneration and Nomination Committee

Dr Eng
Dr. Eng.h.c. at Linköping University

Member of the board of Denel Pty (Ltd) and some other minor board assignments

CEO, Saab AB, 1995–2003
Various positions in the Ericsson Group, 1974–1995

TietoEnator shares
(11 Feb 2009): 12 000

Kalevi Kontinen,
born 1941, nationality Finnish
Non-executive, independent Board member

Board member since 1990, Chairman 2004–2005
Chairman of the Remuneration and Nomination Committee 2004–24 Sep 2008

PhD (Tech.)

Member of the Board of the Sibelius Academy Foundation
Deputy Member of the Board of the Sibelius Academy

Director and Principal Fellow in Nokia and Nokia Siemens Networks 2000–2007
Executive Vice President and Member of the Group Executive Board of Merita-Nordbanken, 1995–2000
Member of the Board of Union Bank of Finland, 1984–1995

TietoEnator shares
(11 Feb 2008): 2 670

Risto Perttunen,
born 1954, nationality Finnish
Non-executive, independent Board member

Board member since 2008
Member of the Risk and Audit Committee
MSc. (Eng.), BSc. (Econ.),

MBA

Owner of an advisory company and independent investor
FIM Group Corporation, President and CEO, Board member 2005–2007
McKinsey & Company, Inc. Consultant, Partner and Senior Partner 1984–2005

TietoEnator shares
(11 Feb 2009): 3 000

Anders Eriksson,
born 1963,
nationality Swedish

Personnel representative on the Board since 2006

MSc. Computer Engineering and Computer Science

Software Designer,
Tieto Sweden R&D

TietoEnator shares
(11 Feb 2009): 0

Jari Länsivuori,
born 1949,
nationality Finnish
Personnel representative on the Board since 2006

Fire safety supervisor
Real estate security manager, TietoEnator Corporation

TietoEnator shares
(11 Feb 2009): 0

Leadership Team

Hannu Syrjälä,
born 1966, nationality Finnish,
MSc. (Econ.)
Joined the company in 2008.

President and CEO

Vice President and General Manager, Life Support Solution Business, GE Healthcare, USA 2003–2008
President, Datex-Ohmeda Division/Instrumentarium, Oximetry, Supplies and Accessories Business Area, Finland 2001–2003
Managing Director, Datex-Ohmeda, Australia 1998–2001
Sales Director, Datex-Ohmeda Division, Finland 1996–1998
Group Treasurer, Instrumentarium Corp., Finland 1993–1996
Financial Analyst, Instrumentarium Corp., Finland 1990–1993

TietoEnator shares (11 Feb 2009): 16 300
Right to subscribe for 115 000 shares and right to 16 000 shares

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Eva Gidlöf,
born 1957, nationality Swedish,
MSc. (Econ.)
Joined the company in 2008

Executive Vice President, Country head of Sweden

Chief Executive Officer, Bankgirocentralen BGC AB, 2004–2008
Management Consultant, Inveritas and in own company, 2002–2004
Managing Director Sweden and Vice President Nordic, Cap Gemini Ernst & Young, 2000–2002
Division Manager, Vice President Nordic, Member of Global Finance sector team, Cap Gemini, 1998–2000
Various management positions in Cap Gemini, 1995–1998
Team Manager/Account Manager, Cap Programator, 1991–1994
Various management positions in Cap Gemini Logic, 1986–1990
IT Consultant, Bror Andersson AB/Cap Gemini BRA, 1980–1985

TietoEnator shares (11 Feb 2009): 50
Right to subscribe for 10 000 shares and right to 2 160 shares

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Kavilesh Gupta,
born 1968, nationality Indian,
Bachelor of Science (physics)
Joined the company in 2008

Executive Vice President, Head of service lines

TATA Consultancy Services Ltd, 1995–2008
Country Manager, Finland, 2005–2008
Regional Manager, the United Kingdom, 2003–2005
Business Relationship Manager, the USA, 2001–2003
Business Development Manager, 1998–2001
Foreign Trade Executive, 1995–1998
Samrat Shipping Private Ltd, Marketing Executive, 1994–1995
Citizen Foods, owner, 1990–1993

TietoEnator shares (11 Feb 2009): 0

Ari Karppinen,
born 1957, nationality Finnish,
MSc. (Eng.)
Joined the company 1987

Executive Vice President, Country head of Finland

Executive Vice President and President of Processing & Network, 2005–2008
Senior Vice President, Manufacturing Business Unit, 2004–2005
Vice President, Logistics Business Unit, 2001–2003
Country Manager for Finland Services, 2000
Vice President Postal Business Unit, TietoEnator, 1999–2000
Various management positions in TietoEnator, 1987–1998
Sähköliikkeiden Oy, Project Manager, 1984–1986

TietoEnator shares (11 Feb 2009): 600
Right to subscribe for 48 500 shares and right to 3 000 shares

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Bengt Möller,
born 1959, nationality Swedish, MSc. (Eng)
Joined the company 1996

Executive Vice President, Head of Telecom & Media

Business Unit Manager, Telecom & Media, 2006–2008
Various management positions in TietoEnator, 2001–2005
Managing Director, Enator System Design AB, 1997–2001
Consultant/Project Manager, Enator Industriteknik AB, 1996–1997
Various management positions in Saab Systems AB, 1992–1996
Software engineer, Philips Elektronikindustrier AB, 1980–1987

TietoEnator shares (11 Feb 2009): 0
Right to subscribe for 12 700 shares and right to 1 500 shares

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Ari Vanhanen,
born 1961, nationality Finnish, MSc. (Eng.)
Joined the company in 1994

Executive Vice President, Head of Industry Group

President of Telecom & Media, 2003–2008
Managing Director, Tietokesko Oy, 2001–2003
Vice President, TietoEnator Energy business unit, 1999–2001
Various management positions in TietoEnator, 1994–1999

TietoEnator shares (11 Feb 2009): 6 710
Right to subscribe for 63 100 shares and right to 4 000 shares

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Pekka Viljakainen,
born 1972, nationality Finnish, engineering studies (Lappeenranta University of Technology).
Joined the company in 2000

Executive Vice President, Head of International and Head of Customer and Market Operations (CMO)

Executive Vice President, Strategic Customer Operations, 2005–2008
President of Digital Innovations, 2004–2008
Managing Director, Oy Visual Systems Ltd, 1990–2004

TietoEnator shares (11 Feb 2009): 649 447
Right to subscribe for 45 000 shares and right to 3 000 shares

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Seppo Haapalainen,
born 1961, nationality Finnish, MSc. (Econ.)
Joined the company in 1990

Executive Vice President, Chief Financial Officer (CFO)

Acting President of Banking & Insurance, 2008
Head of Banking & Insurance in Finland, Head of Partnership Services in Finland, 2004–2008
Vice President/Senior Vice President, Finance, HR, Administration and business development, TietoEnator, 1991–2003
Manager, Finance, Financial Software Technology Oy, 1990–1991
Director, Finance and development, Apollo Life, 1988–1990
Head of shareholder register office, Sampo Insurance, 1985–1988

TietoEnator shares (11 Feb 2009): 0
Right to subscribe for 48 500 shares and right to 1 500 shares

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Johanna Pyykönen-Walker,
born 1966, nationality Finnish, Masters of Education (M.Ed.), M.Sc. (Econ.)
Joined the company in 2008

Executive Vice President, Human Resources

Head of Business HR, Nokia Siemens Networks, 2007–2008
Director, Business Human Resources, Nokia Core Networks (CN), 2006–2007
Various management positions in Nokia in Finland, Italy and Greece, 1999–2006
Consultant, Operations Human Resources, Nokia, Finland, 1997–1999
Recruitment Consultant/ Project Manager, Continuing Learning Centre, University of Lapland, 1995–1997

TietoEnator shares (11 Feb 2009): 0
Right to subscribe for 5 000 shares and right to 1 500 shares

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Financial information & Shares and shareholders

Tieto launched its Performance Improvement Programme at the beginning of 2008. The programme has resulted in a higher utilization rate, accelerated transfer of production to the global delivery centres, better procurement conditions and better management of deliveries. Consequently, all business areas improved their profitability during the year.

Financial figures

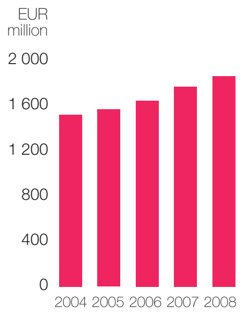
FIVE-YEAR FIGURES	2008	2007	2006 [1]	2005	2004
Net sales, EUR million	**1 865.7**	1 772.4	1 646.5	1 570.4 [1]	1 525.1
Operating profit (EBIT), EUR million	**111.6**	1.3	127.7	169.1 [1]	162.7
Operating margin, %	**6.0**	0.1	7.8	10.8 [1]	10.7
Profit before taxes, EUR million	**82.4**	-8.6	124.5	171.2 [1]	158.1
% of net sales	**4.4**	-0.5	7.6	10.9 [1]	10.4
Total assets, EUR million	**1 254.5**	1 282.7	1 374.7	1 312.0	1 087.7
Return on equity, %	**12.6**	-5.7	15.5	27.3	45.9 [2]
Return on capital employed, %	**25.2**	7.8	18.7	29.7	32.6 [2]
Equity ratio, %	**41.1**	40.2	48.4	39.8	48.8
Gearing, %	**21.0**	34.4	14.9	39.1	6.1
Investments, EUR million	**97.9**	87.7	77.9	267.3 [1]	166.4
% of net sales	**5.2**	5.0	4.7	17.0 [1]	10.9
Average number of employees	**16 397**	15 588	14 414	13 213	12 527

1) Represented for continuing operations.

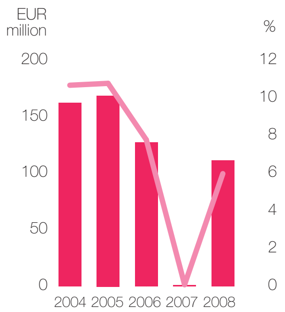
2) When calculating the 2004 return on equity and return on capital employed, the 12-month averages for 2003 used in the denominator comply with FAS and not IFRS.

Per share data for 2004–2008 is provided on page 66.

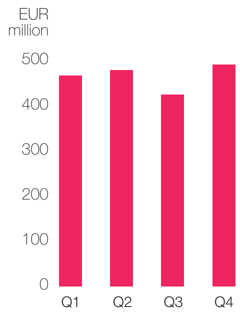
NET SALES



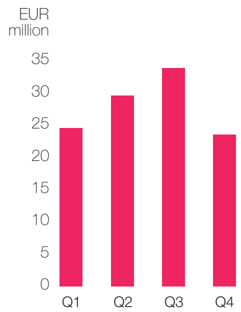
OPERATING PROFIT AND MARGIN



NET SALES PER QUARTER



OPERATING PROFIT (EBIT) PER QUARTER



Income statement (IFRS)

EUR million	**1 Jan–31 Dec 2008**	1 Jan–31 Dec 2007
Net sales	**1 865.7**	1 772.4
Other operating income	**10.8**	13.3
Cost of sales	**292.7**	276.7
Employee benefit expenses	**1 056.0**	1 021.3
Depreciation and amortization	**66.1**	77.0
Impairment of goodwill	**-**	40.0
Other operating expenses	**350.1**	369.5
Share of associated companies' results	**0.0**	0.1
Operating profit	**111.6**	1.3
Net interest expenses	**-9.3**	-7.1
Net exchange losses and gains	**-21.2**	-0.7
Other financial income and expenses	**1.3**	-2.1
Profit before taxes	**82.4**	-8.6
Income taxes	**-21.9**	-22.6
Net profit for the period	**60.5**	-31.2
Net profit for the period attributable to		
Shareholders of the Parent company	**59.9**	-32.3
Minority interest	**0.6**	1.1
	60.5	-31.2
Earnings attributable to the shareholders of the Parent company per share (EUR)		
Basic	**0.83**	-0.44
Diluted	**0.83**	-0.44
Average number of shares (1 000 shares)		
Basic	**71 662**	72 941
Diluted	**71 739**	72 941

Balance sheet (IFRS)

EUR million	31 Dec 2008	31 Dec 2007
ASSETS		
Non-current assets		
Goodwill	**389.3**	415.7
Other intangible assets	**53.1**	66.4
Property, plant and equipment	**100.5**	76.8
Deferred tax assets	**67.8**	66.4
Investment in associated companies	**0.0**	1.6
Other non-current assets	**1.5**	1.5
Total non-current assets	**612.2**	628.4
Current assets		
Trade and other receivables	**498.5**	560.2
Current income tax receivables	**13.9**	9.9
Interest-bearing current assets	**9.7**	11.3
Cash and cash equivalents	**120.2**	72.9
Total current assets	**642.3**	654.3
Total assets	**1 254.5**	1 282.7
EQUITY AND LIABILITIES		
Equity		
Share capital	**75.8**	75.8
Share issue premiums and other reserves	**33.2**	39.6
Retained earnings	**373.0**	358.2
Parent shareholders' equity	**482.0**	473.6
Minority interest	**1.6**	4.0
Total Equity	**483.6**	477.6
Non-current liabilities		
Finance lease liability	**14.5**	1.4
Other interest-bearing loans	**150.0**	150.5
Deferred tax liabilities	**29.2**	23.4
Pension obligations	**17.2**	22.0
Provisions	**28.6**	35.9
Other non-current liabilities	**1.6**	1.7
Total non-current liabilities	**241.1**	234.9
Current liabilities		
Trade and other payables	**447.5**	461.7
Current income tax liabilities	**15.6**	11.6
Interest-bearing loans	**66.7**	96.9
Total current liabilities	**529.8**	570.2
Total equity and liabilities	**1 254.5**	1 282.7

Statement of cash flow (IFRS)

EUR million	**1 Jan–31 Dec 2008**	1 Jan–31 Dec 2007
Cash flow from operations		
Net profit	**60.5**	-31.2
Adjustments		
Depreciation, amortization and impairment	**66.1**	117.0
Share of associated companies' result	**0.0**	-0.1
Share-based payments	**4.1**	2.3
Profit/loss on sale of fixed assets and shares	**0.2**	0.0
Other adjustments	**-1.3**	1.3
Net financial expenses	**29.2**	9.9
Income taxes	**21.9**	22.6
Change in net working capital		
Change in current receivables	**63.8**	-49.5
Change in inventories	**0.1**	0.3
Change in current non-interest-bearing liabilities	**-33.6**	57.5
Cash generated from operations	**211.0**	130.2
Financing income received under leases	**0.7**	0.7
Interest income received	**2.5**	6.5
Interest expenses paid	**-12.6**	-13.9
Other financial income received	**40.9**	46.4
Other financial expenses paid	**-37.5**	-41.0
Income taxes paid	**-14.0**	-9.9
Net cash flow from operations	**191.0**	119.0
Cash flow from investing activities		
Acquisition of Group companies and business operations, net of cash acquired	**-8.0**	-28.3
Capital expenditure	**-68.5**	-48.6
Disposal of business operations and associated company	**0.0**	4.6
Change in loan receivables	**-1.4**	-1.2
Sales of fixed assets	**3.0**	8.0
Total net cash used in investing activities	**-74.9**	-65.5
Cash flow from financing activities		
Dividends paid	**-36.0**	-88.5
Repurchase of own shares	**-**	-32.1
Payment of finance lease liabilities	**-2.6**	-12.1
Proceeds from short-term borrowings	**522.0**	603.0
Repayments of short-term borrowings	**-549.1**	-583.0
Proceeds from long-term borrowings	**57.1**	-
Repayments of long-term borrowings	**-57.5**	-2.9
Net cash used in other financing activities	**0.0**	0.5
Total net cash used in financing activities	**-66.1**	-115.1
Change in cash and cash equivalents	**50.0**	-61.6
Cash and cash equivalents at beginning of period	**-72.9**	-138.9
Foreign exchange differences	**2.7**	4.4
Cash and cash equivalents at end of period	**120.2**	72.9
	50.0	-61.6

Change in loan receivables related to IFRIC 4 has been regrouped from financing activities to investing activities.
Foreign exchange rate differences related to cash and cash equivalents have been regrouped from change in net working capital.
Figures for 2007 have been corrected accordingly.

Key segment tables

Net sales by business area, EUR million (primary segment)	2008 1–12	2007 1–12	Change %
Banking & Insurance	**293**	293	0
Telecom & Media	**677**	664	2
Government, Manufacturing & Retail	**198**	184	7
Healthcare & Welfare	**167**	141	19
Forest & Energy	**180**	177	2
Processing & Network	**458**	409	12
Group elimination incl. other	**-107**	-96	12
Group total	**1 866**	1 772	5

Internal sales by business area, EUR million	2008 1–12	2007 1–12	Change %
Banking & Insurance	**12**	9	37
Telecom & Media	**19**	12	63
Government, Manufacturing & Retail	**14**	12	16
Healthcare & Welfare	**12**	10	22
Forest & Energy	**6**	5	19
Processing & Network	**59**	56	6
Group elimination incl. other	**-15**	-7	110
Group total	**107**	96	12

Country sales, EUR million (secondary segment)	2008 1–12	Change %	Share %	2007 1–12	Change %	Share %
Finland	**853**	6	46	802	7	45
Sweden	**506**	2	27	495	9	28
Germany	**146**	-4	8	152	23	9
Norway	**92**	5	5	88	8	5
Denmark	**48**	85	3	26	-49	1
Great Britain	**42**	-24	2	55	15	3
Italy	**34**	10	2	31	84	2
France	**28**	15	1	24	32	1
Netherlands	**23**	-3	1	23	-7	1
Other	**95**	22	5	78	1	4
Group total	**1 866**	5	100	1 772	8	100

Net sales by industry segment, EUR million	2008 1–12	Change %	Share %	2007 1–12	Change %	Share %
Banking and insurance	**402**	3	22	390	4	22
Public	**303**	11	16	273	-7	15
Telecom and media	**648**	0	35	650	26	37
Forest	**91**	7	5	84	-4	5
Energy	**110**	10	6	100	27	6
Manufacturing	**105**	7	6	99	11	6
Retail and logistics	**121**	36	6	89	1	5
Other	**86**	-2	5	87	-29	5
Group total	**1 866**	5	100	1 772	8	100

Operating profit (EBIT), EUR million	2008 1–12	2007 1–12	Change %
Banking & Insurance	**27.1**	-53.3	Pos
Telecom & Media	**51.9**	53.2	-2.5
Government, Manufacturing & Retail	**15.5**	-6.1	Pos
Healthcare & Welfare	**14.2**	-5.2	Pos
Forest & Energy	**12.0**	8.5	40.9
Processing & Network	**45.5**	32.8	38.9
Business areas	**166.2**	29.9	456.6
Group Operations incl. other	**-54.6**	-31.5	-73.6
Group capital gain	**0.0**	2.9	-99.9
Operating profit (EBIT)	**111.6**	1.3	8 314.4

Operating profit, EUR million excl. capital gains/ losses, impairment losses, badwill and Performance Improvement Programme related costs	2008 1–12	2007 1–12	Change %
Banking & Insurance	**29.9**	1.7	1 686.4
Telecom & Media	**61.5**	58.9	4.3
Government, Manufacturing & Retail	**19.3**	11.2	72.5
Healthcare & Welfare	**15.3**	3.2	383.0
Forest & Energy	**13.4**	13.2	1.8
Processing & Network	**50.2**	38.8	29.6
Business areas	**189.7**	126.9	49.5
Group Operations incl. other	**- 39.8**	-19.3	-106.4
Operating profit (EBIT), excl. capital gains/losses, impairment losses, badwill and Performance Improvement Programme related costs	**149.9**	107.6	39.3

Operating margin (EBIT), %	2008 1–12	2007 1–12	Change %
Banking & Insurance	**9.2**	-18.2	27.4
Telecom & Media	**7.7**	8.0	-0.3
Government, Manufacturing & Retail	**7.9**	-3.3	11.2
Healthcare & Welfare	**8.5**	-3.7	12.2
Forest & Energy	**6.6**	4.8	1.9
Processing & Network	**9.9**	8.0	1.9
Business areas	**8.9**	1.7	7.2
Operating margin (EBIT)	**6.0**	0.1	5.9

Operating margin (EBIT), % excl. capital gains/ losses, impairment losses, badwill and Performance Improvement Programme related costs	2008 1–12	2007 1–12	Change %
Banking & Insurance	**10.2**	0.6	9.6
Telecom & Media	**9.1**	8.9	0.2
Government, Manufacturing & Retail	**9.8**	6.1	3.7
Healthcare & Welfare	**9.2**	2.3	6.9
Forest & Energy	**7.5**	7.4	0.0
Processing & Network	**11.0**	9.5	1.5
Business areas	**10.2**	7.2	3.0
Operating margin (EBIT), excl. capital gains/losses, impairment losses, badwill and Performance Improvement Programme related costs	**8.0**	6.1	2.0

Shares and shareholders

Share capital and shares

TietoEnator Corporation's issued and registered share capital on 31 December 2008 totalled EUR 75 841 523 and the number of shares was 72 023 173.

The cancellation of 1 935 000 own shares repurchased in August and September 2007 was registered on 9 January 2008. The Board of Directors decided on the cancellation of these shares in December 2007. Their cancellation did not affect the company's share capital. Following the registration, the company holds a total of 361 650 own shares, representing 0.5% of the shares and voting rights. These shares were repurchased for the allocations in the share-based incentive plan 2006–2008. The number of outstanding shares (excluding the shares in the company's possession) was 71 661 523 at the end of 2008.

TietoEnator's shares have no par value and their book counter-value is one euro. TietoEnator's shares are listed on NASDAQ OMX in Helsinki and Stockholm. The company has one class of shares, with each share conferring equal dividend rights and one vote. The company's Articles of Association include a restriction on voting at the Annual General Meeting, where no-one is allowed to vote with more than one-fifth of the votes represented at the meeting. The Articles of Association are available at www.tieto.com.

Stock options, warrants and share incentives

TietoEnator has four series of stock options issued for its key personnel. Each stock option entitles its holder to subscribe for one share (1:1). Based on the outstanding warrants and options on 31 December 2008, the total number of shares may increase by 3 133 209 at most by 31 March 2013, representing 4.23% of the diluted number of shares and votes. The general conditions of the stock options are as follows:

	Maximum number of new shares	Cumulative no of shares if all options are exercised	% of shares and votes after dilution	Subscription period	Exercise price, EUR
Stock option 2002 A/B	1 333 209	73 356 382	1.82	–30 Jun 2009	21.68
Stock option 2006 A	459 250	73 815 632	0.62	1 Mar 2009 –31 Mar 2011	28.02
Stock option 2006 B	587 300	74 402 932	0.79	1 Mar 2010 –31 Mar 2012	19.79
Stock option 2006 C	753 450	75 156 382	1.00	1 Mar 2011 –31 Mar 2013	13.36
Total	3 133 209		4.23		

In all the current option schemes, the persons covered by the scheme receive the options if they are employed by the company on the starting date of the subscription period. Under the terms of both the 2002 option scheme and the 2006 option scheme, the subscription price will be reduced annually by the amount of dividends per share.

The subscription period for the 2002 B options began on 1 December 2006 and ends on 30 June 2009. As both 2002 A and 2002 B options have exactly the same terms and conditions after vesting, these two option series were combined into options marked 2002 A/B in December 2006. The share subscription price is the volume weighted average share price between 1 February and 28 February 2002, including said dates. The 2002 A/B options are listed only on NASDAQ OMX in Helsinki. The highest price of the TietoEnator share in 2008 was EUR 17.20 on the Helsinki Stock Exchange, which was lower than the exercise price of the 2002 A/B option programme, EUR 21.68. No options were executed during the year.

On 23 March 2006, the Annual General Meeting decided to offer free of charge a maximum of 1 800 000 stock options to key personnel. There are three series of 2006 stock options: A, B and C. The subscription period with these options starts after 1 March 2009 and will continue until 31 March 2013. More details about the 2006 option rights are available at www.tieto.com.

The company has two share-based incentive plans. In December 2005, the Board of Directors approved a share-based incentive plan for its key personnel. In this plan, rewards can be paid either as shares or in cash during 2007–2009. The cash payment covers taxes and tax-related costs. The share part of the programme has a maximum scope of 200 000 shares for the whole three-year period. The amount of rewards allocated each year depends on the achievement of the targets for earnings per share (EPS) that are set by the Board of Directors annually. In 2008, the target was achieved and a total of 77 560 shares will be allocated to the entitled employees by the end of April 2009.

In December 2008, the company's Board of Directors approved Performance Share Plan 2009–2011, which will be offered to the President and CEO and other members of the Leadership Team. The plan includes one three-year earning period, which began on 1 January 2009 and will end on 31 December 2011. The potential reward from the plan is based on the earnings per share of the company in 2011. The amount of the reward will be determined and paid to the participants of the plan on the basis of the achievement of the EPS target after the financial statements have been prepared before the end of April 2012. The reward will be paid in the form of TietoEnator shares. The rewards to be paid will correspond to a maximum of 540 000 shares and the participants will receive cash compensation for dividends accumulated on the shares during 2009–2011. No new shares will be issued in connection with the Performance Share Plan and therefore the incentive plan will have no diluting effect.

In December 2008, the Board of Directors continued to prepare a new Option Plan for the key employees of the company. The plan will be proposed at the next Annual General Meeting of the company.

Board authorizations

The 2008 Annual General Meeting authorized the Board of Directors to repurchase the company's own shares. The number of shares repurchased shall not exceed 10% of the company's aggregate number of shares. The authorization is intended to be used to develop the company's capital structure.

The Board was also authorized to issue shares, stock option rights and other rights entitling to shares. The authorization shall be in force until the close of the next Annual General Meeting, however, until 27 September 2009 at the latest. Based on this authorization the share capital may increase by at most EUR 14 404 634. The purpose of the authorization is to safeguard the company's ability to develop its operations both in the domestic and in the international markets, in order to enable and finance both the acquisition of companies and business operations and also other co-operative arrangements. None of these authorizations have been used.

Shareholders

The company had 24 732 registered shareholders at the end of 2008. Based on the ownership records of the Finnish and Swedish central securities depositories, 38% of TietoEnator's shares were held by Finnish and 13% by Swedish investors. In total, there were 22 889 retail investors in Finland and Sweden and they held 13% of TietoEnator's shares.

In 2008, there were altogether fifteen announcements of changes in the company's shareholding. Goldman Sachs Group, Inc. flagged its ownership six times and according to the latest announcement on 21 November its holding had decreased to 4.67%. OP Pohjola Group flagged its ownership three times and in the most recent announcement on 10 November informed the company that it had increased its holdings to 5.24%. JPMorgan Chase & Co flagged its ownership twice. According to its latest announcement on 19 November its holding had decreased to 3.67%. UBS AG flagged its ownership four times and in the most recent announcement on 8 May informed the company that it had decreased its holdings to 3.11%. More detailed information about the changes in ownership during 2008 is available at www.tieto.com.

The members of the Board of Directors, the President and CEO and their close associates together held 0.06% of the shares and votes and 3.67% of the option rights on 1 January 2009. Based on the bonds with warrants and options, they can increase their aggregate holding to at most 0.15% of the shares and votes.

TietoEnator does not have any major strategic shareholders, shareholder agreements or cross shareholdings which would limit the amount of shares available for trading. Additionally, since the existing stock/warrant programmes and the share-based incentive plan represent limited dilution potential, the free float of the shares can be considered to be 100% excluding the treasury stock currently held by the company.

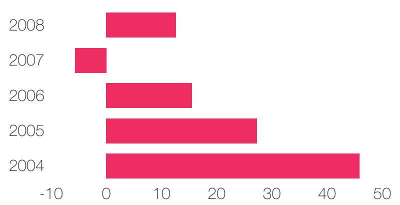
Share performance and trading

In 2008, the turnover of TietoEnator's shares totalled EUR 3 493.8 million (257 653 127 shares) in Helsinki and SEK 3 419.6 million (26 279 993 shares) in Stockholm. The total number of shares traded represented 396% of the shares outstanding.

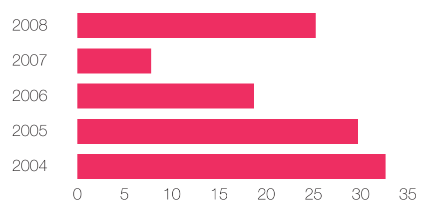
On NASDAQ OMX Helsinki, the average share price in 2008 was EUR 13.47. At the end of the year, the share price was EUR 7.77. The highest price was EUR 17.20 and the lowest EUR 6.98. At the end of the year, the company's market capitalization totalled EUR 559.6 million.

The share price fell 49.7% in Helsinki and 38.9% in Stockholm during the year. At the same time, the OMX Helsinki All Share Index dropped by 52.9% and the OMX Helsinki Cap Index by 51.1%. The OMX Stockholm All Share Index fell 40.9% in 2008.

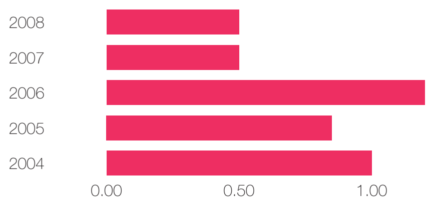
RETURN ON EQUITY, %



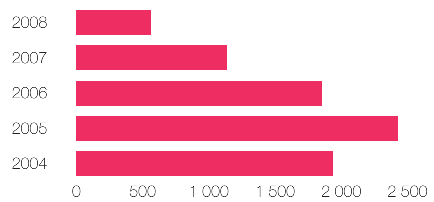
RETURN ON CAPITAL EMPLOYED, %



DIVIDEND / SHARE, EUR



MARKET CAPITALIZATION, EUR MILLION



	2008	2007	2006	2005	2004
SHARE INFORMATION					
Changes in share capital					
Share capital at year end, EUR	**75 841 523**	75 841 523	75 841 462	78 743 322	82 886 444
Number of shares	**72 023 173**	73 958 173	75 841 462	78 743 322	82 886 444
Adjusted number of shares at year end	**72 023 173**	73 958 173	75 841 462	78 743 322	82 886 444
Adjusted average for the year	**71 661 523**	72 941 089	74 963 658	78 063 022	81 977 804
Per share data					
Earnings per share, EUR					
- basic	**0.83**	-0.44	3.25	1.75	2.71
- diluted	**0.83**	-0.44	3.25	1.75	2.71
Earnings from continuing operations per share, EUR [1]	**1.21**	0.77	1.01	1.51	
Equity per share EUR	**6.75**	6.67	8.51	6.60	6.49

[1] Excluding one-off items related to the Performance Improvement Programme, goodwill impairments, badwill and one-time capital gains/losses.

	2008	2007	2006	2005	2004
Share price performance and trading volumes					
NASDAQ OMX Helsinki					
Highest price, EUR	**17.20**	25.20	32.88	31.16	27.70
Lowest price, EUR	**6.98**	13.70	17.48	22.30	19.90
Average price, EUR	**13.47**	19.97	23.98	26.02	23.58
Turnover, number of shares	**257 653 127**	310 031 655	217 734 156	149 733 710	127 507 163
Turnover, %	**359.5**	425.0	290.5	191.8	155.5
NASDAQ OMX Stockholm					
Highest price, SEK	**161.50**	231.00	307.00	292.00	254.00
Lowest price, SEK	**70.75**	128.25	160.50	202.00	184.00
Average price, SEK	**129.66**	186.42	218.30	241.20	216.71
Turnover, number of shares	**26 279 993**	57 572 330	41 054 225	26 454 896	11 205 872
Turnover, %	**36.7**	78.9	54.8	33.9	13.7
Market capitalization, EUR million	**559.6**	1 136.0	1 853.6	2 429.2	1 939.5
Dividends					
Dividend, EUR 1 000	**35 831**	35 831	88 316	64 464	78 742
Dividend per share, EUR	**0.50**	0.50	1.20	0.85	1.00
Extra dividend paid 2004, EUR 1 000					39 371
Extra dividend per share, EUR					0.50
Payout ratio, %	**60.2**	-113.6	36.9	48.6	47.0
Price-weighted ratios					
NASDAQ OMX Helsinki					
Price per earnings ratio (P/E)	**9**	-35	8	18	9
Dividend yield, %	**6.4**	3.3	4.9	2.8	6.4
NASDAQ OMX Stockholm					
Price per earnings ratio (P/E)	**10**	-35	8	17	9
Dividend yield, %	**6.1**	3.3	4.8	2.8	6.5

Major shareholders on 31 December 2008

	Shares	%
1 OP-Pohjola Group	3 772 000	5.2
2 Didner & Gerge Equity fund	2 525 899	3.5
3 Mutual Pension Insurance Company Ilmarinen	2 122 400	2.9
4 Swedbank Robur funds	1 987 195	2.8
5 The State Pension fund (FI)	1 600 000	2.2
6 Svenska Litteratursällskapet i Finland	1 504 000	2.1
7 Varma Mutual Pension Insurance Co.	1 349 749	1.9
8 Tapiola Pension	910 000	1.3
9 Pekka Viljakainen	649 447	0.9
10 FIM Group	593 567	0.8
Nominee registered	44 260 931	61.5
Others	10 747 985	14.9
Total	72 023 173	100.0

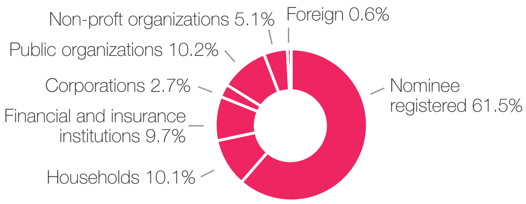
Based on the ownership records of the Finnish and Swedish central securities depositories.

Division of shares on 31 December 2008

Number of shares	Shareholders		Shares	
	No	%	No	%
1–100	4 344	35.5	264 349	0.4
101–500	4 683	38.3	1 279 900	1.8
501–1 000	1 441	11.8	1 120 912	1.6
1 001–5 000	1 464	12.0	3 191 295	4.4
5 001–10 000	146	1.2	1 041 274	1.4
10 001–50 000	96	0.8	2 097 087	2.9
50 001–100 000	29	0.2	2 114 211	2.9
100 001–500 000	27	0.2	5 732 692	8.0
500 001–	12	0.1	55 162 293	76.6
Joint book-entry account			19 160	
Total	12 242	100.0	72 023 173	100.0
Nominee registered	14		44 260 931	61.5

Based on the ownership records of the Finnish central securities depository.

OWNERSHIP STRUCTURE ON 31 DECEMBER 2008
% of shares



Based on ownership records of the Finnish central security depository.

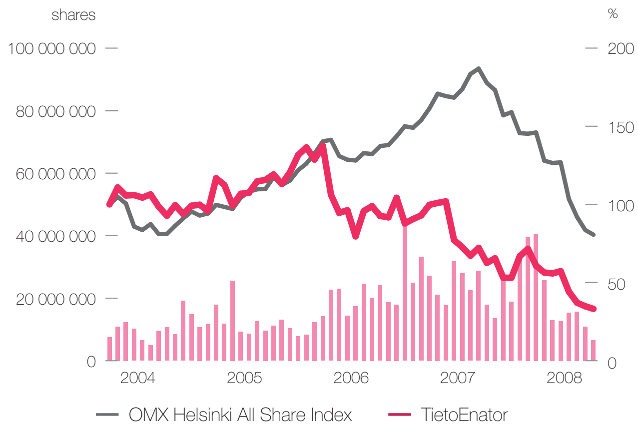
TietoEnator, trading codes

NASDAQ OMX Helsinki	TIE1V
NASDAQ OMX Stockholm	TIEN
Reuters, Helsinki	TIE1V.HE
Reuters, Stockholm	TIEN.ST
Bloomberg, Helsinki	TIE1V FH
Bloomberg, Stockholm	TIEN SS
ISIN code	FI0009000277

Changes in share capital

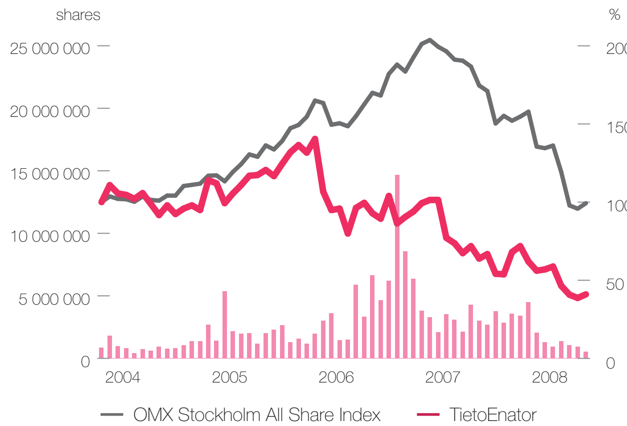
(1 share = 1 vote)	Shares	Share capital, EUR
Total on 31 December 2004	82 886 444	82 886 444
Nullifying of company's own shares, 7 April 2005	4 144 322	4 144 322
Bonds with options subscribed, registered on 16 December 2005	1 200	1 200
Total on 31 December 2005	78 743 322	78 743 322
Bonds with options subscribed, registered on 12 January 2006	750	750
Bonds with options subscribed, registered on 5 April 2006	50	50
Nullifying of company's own shares, 10 April 2006	2 903 860	2 903 860
Bonds with options subscribed, registered on 13 June 2006	1 200	1 200
Total on 31 December 2006	75 841 462	75 841 462
Nullifying of company's own shares, 19 Dec 2006, registered on 25 January 2007	1 745 000	0
Nullifying of company's own shares, 26 Jun 2007, registered on 30 July 2007	138 350	0
Bonds with options subscribed, registered on 8 August 2007	61	61
Nullifying of company's own shares, 20 Dec 2007, registered on 9 January 2008	1 935 000	0
Total on 9 January 2008	72 023 173	75 841 523

SHARE PRICE DEVELOPMENT AND TOTAL TURNOVER
NASDAQ OMX Helsinki



Source: Bloomberg

SHARE PRICE DEVELOPMENT AND TOTAL TURNOVER
NASDAQ OMX Stockholm



Source: Bloomberg

Information for shareholders

Annual General Meeting

TietoEnator Corporation's Annual General Meeting (AGM) will be held at Scandic Continental, Mannerheimintie 46, FI-00260 Helsinki, Finland, on Thursday 26 March 2009 starting at 5.00 p.m. EET.

The right to participate and registration

Each shareholder, who is registered on 16 March, 2009 in the Register of Shareholders of the Company held by Euroclear Finland Ltd, has the right to participate in the AGM. A shareholder whose shares are registered on a personal book-entry account at Euroclear Finland Ltd is registered in the company's shareholders' register. A shareholder who wants to participate in the AGM shall register for the AGM by giving a prior notice of participation no later than March 20 at 4.00 p.m. (Finnish time) by which time the registration needs to arrive in the company. Such notice can be given:

online	www.tieto.com/agm
by e-mail	agm@tieto.com
by phone	+358 2072 68723
by telefax	+358 2060 20232 or
by mail	Tieto, Legal/AGM, P.O. Box 38, FI-00441 Helsinki, Finland.

Holders of nominee registered shares

A holder of nominee registered shares, who wants to participate in the AGM, must be provisionally entered into the company's shareholders' register on March 16, 2009 the record date of the AGM. Therefore, a shareholder whose shares are registered at Euroclear Sweden AB should contact Euroclear Sweden AB. A request for provisional registration must be received by Euroclear Sweden AB not later than 11 March 2009 at 12.00 CET. Other nominee registered shareholders should contact their relevant account holders.

Proxy representative and powers of attorney

A shareholder may participate in the AGM and exercise his/her rights at the AGM by way of proxy representation. A proxy representative shall produce a dated proxy document or otherwise in a reliable manner demonstrate his/her right to represent the shareholder at the AGM. Possible proxy documents should be delivered in originals to Tieto, Legal/AGM, P.O.Box 38, FI-00441 Helsinki, Finland before the last date for registration.

Dividend payment

The Board of Directors proposes to the AGM that a dividend of EUR 0.50 per share be paid on the financial year 2008. The dividend will be paid to shareholders who are registered in the company´s shareholders' register maintained by the Euroclear Finland Ltd, or in the register maintained by Euroclear Sweden AB, on the record date for dividend payment, which is 31 March 2009. It is proposed that the dividend be paid on 15 April 2009.

Shareholders' calendar for 2009

10 February	Interim report for the fourth quarter and Financial Statements Bulletin 2008
Week 10	Financial Review 2008, Annual Review 2008 (pdf on the website)
Week 11	Financial Review 2008, Annual Review 2008 (printed)
16 March	Record date for AGM
26 March	AGM
31 March	Record date for dividend
15 April	Dividend payment
24 April	Interim Report for the first quarter 2009
17 July	Interim Report for the second quarter 2009
21 October	Interim Report for the third quarter 2009

Reviews are published in English, Finnish and Swedish and are available at www.tieto.com.

To order the printed Annual Review 2008 and Financial Review 2008:

- e-mail: treports@121.fi
- tel. +358 20 72 010, fax +358 20 72 68898
- tel. +46 10 481 00 00, fax +46 10 481 34 44

The annual summary of Tieto's Stock Exchange releases and announcements in 2008 is available at www.tieto.com/Press room.

Investor relations contacts

Reeta Kaukiainen, Communications and Investor Relations
tel. +358 20 72 68711, mobile +358 50 522 0924
fax +358 20 72 68898
reeta.kaukiainen@tieto.com

Pasi Hiedanpää, Investor Relations
tel. + 358 20 72 68088, mobile +358 50 378 2228
fax +358 20 72 68898
pasi.hiedanpaa@tieto.com

Sirpa Salo, Investor Meetings
tel. +358 20 72 68714, mobile +358 40 556 1281
fax +358 20 72 68898
sirpa.salo@tieto.com

Analysts following Tieto

Analysts following Tieto are listed on the company's website, www.tieto.com.

Contact information

All addresses can be found at www.tieto.com

TietoEnator Corporation

Aku Korhosen tie 2–6, P.O. Box 38
FI-00441 HELSINKI, FINLAND
Tel. +358 20 72 010
Fax +358 20 72 68898

Kronborgsgränd 1
SE-164 87 KISTA, SWEDEN
Tel. +46 10 481 00 00
Fax +46 10 481 34 44

e-mail: info@tieto.com
www.tieto.com
Business ID: 0101138-5
Registered office: Espoo, Finland

Photos: Stephen Morris, Corbis, Getty Images

TietoEnator Corporation

Aku Korhosen tie 2–6, P.O. Box 38
FI-00441 HELSINKI, FINLAND
Tel. +358 20 72 010
Fax +358 20 72 68898

Kronborgsgränd 1
SE-164 87 KISTA, SWEDEN
Tel. +46 10 481 00 00
Fax +46 10 481 34 44

e-mail: info@tieto.com
www.tieto.com

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Financial Review 2008

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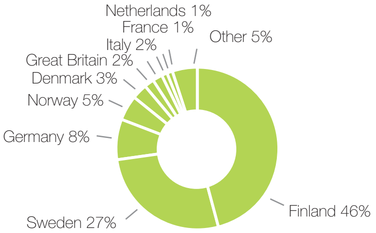
Tieto

- Tieto is an IT service company providing IT, R&D and consulting services. With approximately 16 000 experts, we are among the leading IT service companies in Northern Europe and the global leader in selected segments.
- We specialize in areas where we have the deepest understanding of our customers' businesses and needs. Our superior customer centricity and Nordic expertise set us apart from our competitors.
- We focus on serving large and medium-sized organizations in our main markets – Northern Europe, Germany and Russia. In telecom, forest, oil and gas as well as digital services, we serve our customers globally. We work hand in hand with many of the world's leading companies and organizations and grow in step with them.
- Tieto is our new brand name as of 1 December 2008. The official registered name of the company is TietoEnator Corporation. The change of the registered name will be proposed at the 2009 Annual General Meeting.
- The company's shares are listed on NASDAQ OMX in Helsinki and Stockholm.

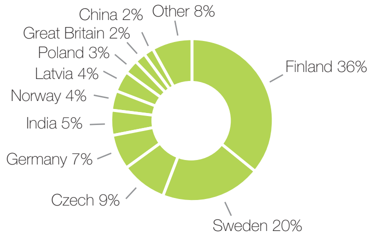
Key Figures

	2008	2007
Net sales, EUR million	**1 865.7**	1 772.4
Operating profit excluding one-off items mainly related to the Performance Improvement Programme, EUR million	**149.9**	107.6
Margin, %	**8.0**	6.1
Operating profit (EBIT), EUR million	**111.6**	1.3
Operating margin, %	**6.0**	0.1
Profit before taxes, EUR million	**82.4**	-8.6
Earnings per share, EUR	**0.83**	-0.44
Equity per share, EUR	**6.75**	6.67
Dividend per share, EUR	**0.50**	0.50
Investments, EUR million	**97.9**	87.7
Return on equity, %	**12.6**	-5.7
Return on capital employed, %	**25.2**	7.8
Gearing, %	**21.0**	34.4
Equity ratio, %	**41.1**	40.2
Personnel on average	**16 397**	15 588
Personnel on 31 Dec	**16 618**	16 324

NET SALES BY COUNTRY

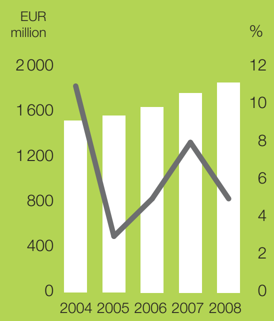


PERSONNEL BY COUNTRY

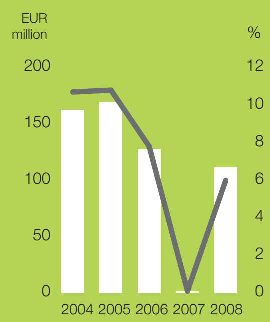


Note: Tieto is our new brand name as of 1 December 2008. The official registered name of the company is TietoEnator Corporation.

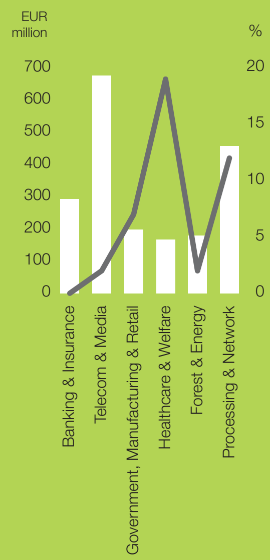
NET SALES AND GROWTH



OPERATING PROFIT AND MARGIN



NET SALES AND GROWTH BY BUSINESS AREA



OPERATING PROFIT AND MARGIN BY BUSINESS AREA
excl. capital gains and losses, impairment losses, badwill and Performance Improvement Programme related costs

Report by the Board of Directors

Revised strategy and new operating model launched

Tieto carried out an extensive strategy process during the spring 2008. The Board of Directors has approved a new strategy that repositions the company, increasing its focus on growth and efficiency. By 2011, Tieto aims to be the leading IT service company in Northern Europe, with a significant presence in Russia.

Focus growth areas for 2009–2011 are Telecom, Sweden and Russia. In the telecom industry, Tieto seeks to be the world-leading telecom R&D partner and a recognized expert in the telecom value chain. The company has set its sights on substantial growth, with a view to increasing net sales of Telecom from the current figure of EUR 650 million to close to EUR 1 billion.

The company has special growth initiatives planned for Sweden and Russia. The target for organic growth in Sweden is to exceed EUR 100 million by leveraging the current and new offerings and actively seeking growth from new market segments. In Russia, Tieto aims to achieve annual sales in excess of EUR 100 million by serving its European key customers as well as acquiring new Russian customers in its areas of expertise. To enhance its services to customers in Russia, Tieto opened a data centre in St Petersburg in late 2008 and introduced a new managed service concept that is based on co-operation with world leading technology partners.

Tieto's competitive advantage is based on customer-centric operations that are supported by a new way of working that emphasizes the sharing of knowledge and resources across industries, countries and global competence centres. Tieto's new structure and operating model are based on three dimensions: country operations, industries and service lines. With its new structure and operating model, Tieto is transforming itself into a horizontally integrated company with fewer organizational units and stronger company-wide operations. The new model provides Tieto's employees with more opportunities for professional development and growth.

The company's long-term financial targets remain unchanged:

- Organic growth outpacing the relevant market. Growth strategy is supported by acquisitions.
- Operating margin (EBIT%) of over 10%.

Targets related to the capital structure and dividend payout:

- Long-term gearing target of 40%.
- Dividend payout ratio of around 50% of net income including one-time items. However, the annual dividend payout ratio depends on the financial position and the major investment needs of the company.

Market development

Demand for IT services slackened towards the year end due to the rapid weakening of the world economy. The effects of the economic slowdown on IT investments varied by customer segment. Demand for IT services was at a good level especially in the public sector, i.e. government, healthcare and welfare as well as the utilities segment, whereas the finance sector was hit hard. Prices were fairly stable in most areas, although price pressure increased during the quarter, especially in new agreements. The labour market has settled down and the attrition rate is decreasing, easing pressure for higher salaries. In the full year, the Nordic IT services market is estimated to have grown by around 6%.

Going forward, cautiousness regarding future IT investments in new solutions will increase and customers are expected to shift their focus in IT expenditure. New large-scale investments will be postponed, unless they offer clear short-term productivity benefits. However, companies' investments designed to lengthen the life cycles of their current IT systems and their efforts to achieve cost savings by rationalizing their operations might open up new business opportunities and, as a result, balance the changes in demand.

Banking and insurance

The overall market situation has changed rapidly in the finance sector. Due to the credit crisis, customers have adopted a cautious attitude towards IT investments and it is expected that they will delay some of their investment decisions. Especially in the UK, IT spending has been cut significantly and today, banks concentrate on very few selected projects, mainly regulatory ones.

Telecom and media

Overall IT demand in the telecom and media sectors weakened during the second half of 2008, especially in network R&D. During the long and strong growth cycle in the sector, the industry has made big investments in new technologies, such as 3G and wireless IP access. Investments by operators and telecom equipment manufacturers will thus be lower for some time. Due to cost-saving initiatives launched by customers, price pressure increased and average prices were at a slightly lower level.

Telecom manufacturers continue to consolidate their supplier base in the hands of a few key vendors. The upshot is that the volumes of each of the selected vendor will most likely grow. As the leading R&D service provider, Tieto has been a key partner to many of its customers. The company expects this trend to favour Tieto in the future as well and hence to offset the weakness of the market.

Government, manufacturing and retail

Overall demand has remained solid in all of these areas as customers are seeking to improve performance and productivity. For example, the Finnish government sector will reorganize its regional administration and this will open up new opportunities.

The positive trend in the manufacturing industry continued throughout the year. As uncertainty in the global markets has increased, manufacturing companies may tighten their IT budgets in future. Retail customers are in the market for IT systems to help them provide new ways to manage customer demand more accurately. The economic slowdown has not yet impacted on retail business.

Healthcare and welfare

Rationalization measures have been ongoing for a long time in some areas, such as the public sector, i.e. government, healthcare and welfare. Tieto anticipates that steady demand will continue, underpinned by national initiatives to connect and consolidate patient information systems.

Forest and energy

In the forest sector, restructuring in the industry, customers' cost-saving initiatives and the tight finance market may increase uncertainty in the short term, but on the other hand, restructuring opens up new opportunities. Nordic customers are closing down excess capacity in the Nordic countries, but are expanding business in Russia and Asia, especially China.

The market situation remained good for the utilities sector. Both the rising demand for energy and the deregulation of the sector in Europe ensure IT investments in the coming years. In the oil & gas segment, the market is affected by the declining price of oil and there are signs of increasing cautiousness regarding new IT projects. However, the worldwide long-term trend is that demand for energy is growing fast, especially in countries like China, India, Russia and Brazil. This is expected to maintain IT investments at a healthy level in the long run.

ICT infrastructure outsourcing

The market for ICT infrastructure outsourcing in the Nordic countries has remained at a fairly good level. The need to rationalize operations and achieve fast cost reductions may speed up customers' new outsourcing decisions going forward as well. On the other hand, customers' cost saving programmes create pressure on prices in new outsourcing contracts and contract renewals.

Business transactions and major agreements

Following the acquisition of Sampo Bank by Danske Bank, Tieto's business volumes to these customers have decreased. For this reason, Primasoft Oy's operations and ownership have been reorganized. In April, Tieto acquired the entire share capital of Primasoft Oy, a joint venture previously owned by Tieto (60%) and other parties (40%). In connection with the agreement, parts of Primasoft's application management business were sold. These transactions had a negative impact of EUR 9 million on the full-year net sales of Banking & Insurance and Processing & Network in 2008.

In January, Tieto opened a new office in Chengdu to expand its operations in China. The Chengdu centre serves Tieto's telecom customers and offers services for mobile devices and network manufacturers as well as for operators.

In March, Sjukvårdsrådgivningen SVR AB (the Swedish Healthcare Advisory Organization) chose Tieto as a supplier of a solution for a national patient overview. The agreement will run for five years and the total value of the agreement is at least EUR 12 million.

In May, Tieto, OP-Pohjola Group Central Cooperative (OPK) and Ilmarinen Mutual Pension Insurance Company concluded an agreement on the delivery of ICT operations management services for the OP Pohjola Group and Ilmarinen for the next seven years starting on 1 June 2008. The services are produced by the joint venture FD Finanssidata, of which Tieto owns 60%, OPK 36% and Ilmarinen 4%. This is one of the largest agreements Tieto has made in recent years. In June, Tieto concluded another major agreement when TeliaSonera renewed its IT and application operations agreement.

In September, the City of Stockholm and Tieto extended their agreement on the end-to-end provision of IT and telephony. The extended agreement comes into effect on 1 August 2010 and runs until 31 July 2012. The delivery to the City of Stockholm will be made in co-operation with SYSteam, SiriusIT, Aditro and TeliaSonera. The order is valued at approximately EUR 41 million, of which Tieto's share is approximately EUR 26 million.

Net sales

Tieto's full-year net sales grew by 5% to EUR 1 865.7 (1 772.4) million. In local currencies, growth was 7%. Organic growth totalled 6%, well in line with market growth.

Demand for IT services slowed down towards the year-end due to the sharp downturn in the world economy. However, the effects varied largely by business area. Banking & Insurance and Telecom & Media were affected the most. In line with the market, Telecom & Media's net sales growth slowed down in 2008 after a long period of strong growth. On the other hand, business areas serving the public sector – that is, Government, Manufacturing & Retail and Healthcare & Welfare – held on.

In Healthcare & Welfare, growth has been excellent throughout the year, underpinned by good demand for IT solutions and actions to turn the business around. The business area concluded several mid-sized and large new agreements during the second half of 2007 and 2008. All units posted good growth and the business area improved its position in all market areas. Sweden was the strongest growing market for Healthcare & Welfare.

Processing & Network saw robust growth, clearly outpacing the relevant market. The business area concluded several major agreements in 2008. The most significant of these agreements were made with TeliaSonera, OP-Pohjola Group and Ilmarinen. The transactions related to Primasoft had a negative impact of around EUR 5 million on the full-year net sales of Processing & Network in 2008, as described earlier in this report.

In Banking & Insurance, the transactions related to Primasoft had a negative impact of around EUR 4 million on the full-year net sales of the business area in 2008. Additionally, the closure of Banking & Insurance's German operations in October 2007 had a negative impact on the net sales growth, close to 3 percentage points. The trend in net sales was positive in certain product areas, such as Cards and Capital Markets.

Government, Manufacturing & Retail saw strong demand in all sectors. In Forest & Energy, sales growth remained modest. Both the utilities market and the oil & gas market remained active up until the year-end, but sales declined somewhat, mainly due to lower sales to one major customer in the utilities sector. Despite the weak market conditions in the forest sector, the business segment grew its net sales.

Net sales were up 6% in Finland and 2% in Sweden. In Finland, all business areas saw growth. In Sweden, the modest growth was mainly attributable to weak development in Telecom & Media and of the weak Swedish krona. In Denmark, all business areas powered ahead and net sales grew by 85%. In Norway, net sales grew by 5%, supported by Healthcare & Welfare's strong performance. In Germany, net sales declined by 4%, mainly due to the closure of Banking & Insurance's operations in 2007.

The telecom and media sector's share of consolidated net sales amounted to 35% (37). The banking and insurance sector generated 22% (22) of net sales, whereas the public sector's contribution was 16% (15).

Order backlog

The order backlog, which only comprises services ordered with binding contracts, amounted to EUR 1 124.1 (1 058.1) million at the end of the period. Processing & Network's share of the order backlog is 39%. In total, 54% (61) of the backlog is expected to be invoiced in 2009.

Performance Improvement Programme

The Performance Improvement Programme is expected to generate annual cost savings of EUR 130 million as from the end of 2009. A major part of the actions related to this programme were implemented in 2008. The programme has resulted, for example, in a higher utilization rate, accelerated transfer of production to the global delivery centres, better procurement conditions and enhanced management of deliveries.

The programme has progressed ahead of schedule. The actions taken by the end of December amount to annualized savings of EUR 120 million, of which close to EUR 43 million has impacted 2008 performance. The savings reached to date will come into full effect as from the end of 2009. About two thirds of this improvement is employee related.

The costs related to these actions have impacted Tieto's profitability during 2008 and will continue to impact profitability during 2009. The restructuring costs, provisions and impairments related to the programme are expected to amount to approximately EUR 160 million of which one-off costs of EUR 104.7 million materialized in 2007 and EUR 39.6 million in 2008.

Profitability

Operating profit, excluding one-off items mainly related to the Performance Improvement Programme, amounted to EUR 149.9 (107.6) million, representing a margin of 8.0% (6.1). All business areas improved their profitability. The actions related to the Performance Improvement Programme were the main contributor to the rise in margin.

In the full year, Tieto booked EUR 39.6 million in one-off items related to the programme. Out of these items, costs from personnel restructuring totalled EUR 24.8 million. Full-year operating profit, including one-off items, amounted to EUR 111.6 (1.3) million. The total costs related to the public tender offer amounted to EUR 12.2 million in 2008.

In Banking & Insurance, the operating margin of the underlying business improved to 10.2% (0.6). In 2007, the business area suffered from a few loss-making projects. The margin improvement is also attributable to decreased use of subcontractors and lower personnel and other costs.

In Telecom & Media, the operating margin improved to 9.1% (8.9). The margin improvement is mainly attributable to the actions related to the Performance Improvement Programme. In order to offset the negative impact of price pressures, the business area has moved its capacity to the company's global delivery centres during the past couple of years.

In Processing & Network, the operating margin totalled 11.0% (9.5). The margin improvement is mainly attributable to a higher utilization rate. In Government, Manufacturing & Retail, strong performance was achieved thanks to a higher utilization rate and cost savings related to the Performance Improvement Programme.

In Healthcare & Welfare, the positive trend continued throughout the year, driven primarily by better management of deliveries in the solution-based business, enhanced quality and a higher utilization rate. Improvement in profitability was somewhat curbed by unsatisfactory profitability in the Scandinavian and Central European healthcare business. In the Forest & Energy business area, profitability was at a good level, especially in the oil & gas and forest segments. However, a decline in sales to one major customer in the utilities sector curbed the margin.

The full-year operating margin was 14% (14) in Finland. In Sweden, all business areas improved their profitability and operating margin totalled 8% (3). Compared to 2007, the operating margin also rose in all other main markets due to fewer project losses and the actions related to the Performance Improvement Programme.

Net financial expenses stood at EUR 29.2 (9.9) million. Net interest expenses were EUR 9.3 (7.1) million and net losses from foreign exchange transactions EUR 21.2 (0.7) million, of which unrealized net losses EUR 23.4 million. Other financial income and expenses amounted to EUR positive 1.3 (negative 2.1) million.

Full-year earnings per share totalled EUR 0.83 (-0.44).

Operating profit (EBIT) for the full year includes EUR 10.0 (9.8) million from amortization on allocated intangible assets. The costs arising from share-based payments of EUR 5.3 (2.9) million are included in employee benefit expenses.

The 12-month rolling return on capital employed (ROCE) was 25.2% and the return on shareholders' equity (ROE) 12.6%.

Financing

Net cash flow from operations amounted to EUR 191.0 (119.0) million. Operating profit contributed EUR 180.7 (121.8) million and the decrease in net working capital contributed EUR 30.3 (8.4) million.

Tax payments amounted to EUR 14.0 (9.9) million.

Acquisitions totalled EUR 8.0 (28.3) million.

Dividends of EUR 35.8 million were paid in April.

At the end of 2008, the consolidated balance sheet totalled EUR 1 254.5 (1 282.7) million, a 2.2% decrease compared with 2007. The equity ratio was 41.1% (40.2). Gearing decreased to 21.0% (34.4). Net debt totalled EUR 101.4 (164.5) million, including EUR 216.7 million in interest-bearing debt, EUR 14.5 million in finance lease liabilities, EUR 9.6 million in finance lease receivables and EUR 120.2 million in cash and cash equivalents.

The interest-bearing debt consists of one seven-year bond at EUR 100 million (maturing in December 2013) and one seven-year private placement at EUR 50 million (maturing in July 2012) and usage of EUR 3.0 million from the short-term EUR 250 million commercial paper programme and EUR 57.5 million from the five-year 250 million committed syndicated loan facility (maturing in December 2011).

Investments

Accrual-based investments totalled EUR 97.9 (87.7) million for the period. Capital expenditure, including financial leasing, accounted for EUR 83.2 (52.9) million and investments in subsidiary and associated company shares for EUR 14.5 (34.8) million.

Personnel

The number of full-time employees totalled 16 618 (16 324) at the end of December. A total of 2 841 (3 066) employees were hired in 2008. Due to the exceptionally high attrition rate, recruitment activity was brisk both in onshore countries, 1 220, and offshore locations, 1 621. However, as the number of persons who resigned was high, the net number of new hires did not grow accordingly. The net number increased by 1 094 in offshore sites, and decreased by 443 in onshore countries.

At the end of December, the number of employees in global delivery centres had increased by close to 30% from 2007 and totalled about 4 280 (3 270), or 25% (19) of the total headcount. In line with the company's strategy, global operations grew fast, especially in India and China.

The 12-month rolling employee turnover stood at 12.8% (11.2) at the end of December. Turnover, however, decreased substantially towards the end of 2008. The average number of full-time employees was 16 397 (15 588) in the full year.

Wages and salaries for 2008, were EUR 793.7 (763.5) million.

Tieto's new strategy and business model focus on customer centricity, close cooperation across industries and countries, and openness. In connection with the strategy process, Tieto renewed its corporate values, which form the basis for the company's operations and way of working. The company fosters a values-based leadership culture in order to motivate and engage employees to work towards common goals. In line with its strategy, Tieto is also growing its business in markets that it has entered recently. This extensive change will also pose challenges for the HR management and the development of personnel. Key focus areas include developing competence and ways of working to foster customer centricity, cooperation and openness throughout the company. Tieto will also continue in its bid to become the industry's employer of choice, and is, for example, overhauling its compensation system.

Tieto conducts an annual personnel satisfaction survey. 2008 saw a slight upturn after several years of downward trends in satisfaction. The company has used the results of this survey to define key development areas for 2009. This will help ensure that these favourable trends continue, and that the company will be successful in mobilizing its new strategy and closer, customer-centred cooperation. These key areas are openness, developing leadership skills, and instilling a culture of renewal throughout the organization. The company will also make better use of development discussions to help employees become more target-oriented and efficient and to analyze career expectations and open up opportunities.

Tieto aims to become the employer of choice both in its home markets and in new markets where the company is still relatively unknown. The company seeks to bolster its image as a responsible employer that offers challenging and interesting tasks and invests in personal and professional growth. In 2008, Tieto focused on increasing recognition and strengthening its position in India, the Czech Republic, Lithuania, Latvia, Poland, Norway and China. Measures were also launched in Finland and Sweden.

The upturn in the personnel satisfaction survey results shows that Tieto has succeeded in bolstering its employer brand. Good results were achieved, for example, in India and the Czech Republic. In India, personnel turnover is about half of the industry average. In the Czech Republic, the company is the employer of choice in the Ostrava region.

Preparations for a compensation system overhaul began during 2008. The revamped system is being designed to support the implementation of the new strategy and business objectives by creating a clearer connection between compensation, personal performance and the company's financial position. The new system's key elements are clearly defined goals and performance-based compensation.

Competitive compensation supports the company's bid to become the employer of choice, as well as ensures that its skilled professionals stay with the company and that the company attracts new talents. The system is based on comprehensive compensation, including benefits and performance-based incentives in addition to salary. The new compensation principles will be phased in during 2009 and 2010.

During the year under review, Tieto launched a project to overhaul its HR planning IT system. The revamped system will, for example, facilitate competence management. The company will be able to monitor and identify those areas with sufficient competence and those that require development. The system will also support filling open positions, attaching staff to projects, and career planning. IT development is also linked to the new compensation system. The project aims to, for example, make it easier to monitor employee performance. The overhaul was launched in 2008, but most of the work will be done in 2009.

Tieto is investing in career guidance services that will help increase internal mobility. Career CHOICE seeks to increase the availability of talented individuals for managerial and expert positions, attach staff to projects faster and step up the utilization rate. Tieto also has specific goals for systematic personnel management development, which will help to attract top experts.

In 2008, the Group established its global career path framework to further advance competence and career development. The framework gives employees an overview of the career opportunities offered by Tieto, describing the areas of responsibility associated with each career level, as well as the experience, education and competence required. Tieto's major career paths are IT professional, project manager, line manager, sales professional, business consultant, and functional support specialist.

Tieto's personnel structure figures are presented on page 34 of the Annual Review.

Environment

Tieto supports a preventative approach to environmental challenges and a responsible way of conducting its own business operations. The company's environmental burden is mainly related to running office premises, data centres and business travel and is thus lower than that of companies with physical production facilities. Environmental indicators are monitored in the Group's reporting system.

Tieto seeks to maintain the occupation rate of its premises at as high a level as possible. The company operates in leased facilities and concludes lease agreements based on its anticipated need for space. The company monitors its investments in facilities on a centralized basis to maximize the efficiency of facility solutions. Tieto measures the energy-efficiency of its premises with Group-wide sampling, and monitors trends on a monthly basis at the unit level and annually at the Group level.

According to Tieto's travel directive, work travel must always be based on immediate needs and use the most affordable means. The company strives to reduce travel costs and environmental strain. Travel costs and savings targets are monitored at the Group level. To reduce the need for travel, Tieto has invested in various technologies such as video and teleconferencing hardware and software.

Risk management

The principles of Tieto's risk management are described in the Risk management section of the Annual review.

The company's main strategic, operational and financial risks as well as the measures for their mitigation are described below.

Impacts of changes in the global economy

The general market environment in customer industries and the development of general world economy influence demand for IT services and solutions. A downturn might lead to smaller business volumes – customers might cancel or postpone projects or are hesitant to make new investments in IT. In addition to changes in business volumes, a downturn often leads to higher price pressure and more limited funding possibilities for Tieto and its customers. On the other hand, tougher times can also create new outsourcing opportunities when customers downsize their internal operations.

These impacts are partly mitigated through multi-year contracts for continuous infrastructure services. Tieto also aims to foster long-term business relations and be a preferred supplier to its key customers.

Dependence on few markets or industries

About 46% of Tieto's sales and the majority of profits are generated in Finland. Telecom & Media and Financial Services account for approximately half of the company's sales. Sudden changes in the market environment, customer demand and customer strategies, or competitive landscape in these areas might harm the Group's operations and profitability.

Expanding business outside Finland is one of the company's key targets for the future. Special growth plans have been made for Sweden and Russia, but the company also aims to achieve growth in its other main markets in Northern Europe. Tieto provides services for a number of different industries. Strengthening the company's position in these segments reduces the risk of being dependent on one or two specific industries or customers.

Cost competition and implementation of the global delivery model

Global service capabilities are a must in the IT industry due to customers' increasing cost-effectiveness requirements and globalization efforts. Global competition in the IT sector and tough price competition are the other drivers for the global delivery model. Finding the right balance between resources in the home markets and in emerging markets is essential. Inability to respond to this need fast enough might lead to a decline in Tieto's growth and customer demand.

Tieto's aim is that 40% of its employees will work in the global delivery centres. To ensure cost-effectiveness and benefits of scale, the company plans to have fewer, but larger centres. To this end, resources will be increased, especially in China and India. Competence development is also a high priority to ensure that customers get high-quality services globally. The new service line driven implementation of the global delivery model will ensure faster and more efficient ramp-up of needed resources in global delivery centres.

Project risks

Customer projects that are not completed in time, unsatisfactory services and inability to meet the specifications of customer agreements might lead to project overruns, penalties or termination of customer contracts. This can lead to operating losses that have a negative impact on the company's growth and profitability. In some cases, the company's brand might be tarnished.

Improving quality has been one of the targets set for the Performance Improvement Programme launched in October 2007. The focus has been on improving risk management in sales and deliveries. A Sales and Delivery Portfolio Management process has been deployed to help manage deliveries from the sales case to the final approval of the delivery. Tieto has also enforced new training for sales personnel. Focus on customer centricity and a deep understanding of customer requirements are crucial in ensuring quality in the delivery of projects and services.

Retention of employees

Tieto's success is built on the competence, experience and performance of its employees, key managers and the top leadership team. Inability to retain key employees and recruit new talent that has the necessary competence might have a significant negative impact on the company's strategy implementation as well as sales and delivery capability. High employee turnover might cause delays in customer projects, leading to penalties or loss of customer accounts.

To reduce these risks, Tieto offers its employees challenging jobs, diverse development and training opportunities as well as interesting career paths through job rotation. The company has competitive compensation packages, including corporate-wide bonus and incentive systems. Talent management and competence development have a high priority in Tieto's new strategy. The company has also set up an Employer Branding programme to motivate employees and to build and strengthen Tieto's image as an attractive employer.

Credit risks

Changes in the general market environment and world economy can usher in additional financial risks. Credit risks might arise if customers or a financial counterparty are not able to fulfill their commitments towards Tieto.

Under Tieto's Credit Policy, the finance department together with business is responsible for assessing customers' creditworthiness, taking into account past experience, their financial position and other relevant factors.

During 2008 more focus was put on raising the awareness of credit risks by additional reporting and training. The collection process has also been changed to better meet higher credit risks.

Liquidity risks

In a financial crisis, the risk of liquidity constraints can arise if banks are not able or willing to provide sufficient financing. This is a risk for both Tieto and its customers.

Regarding Tieto's own situation, analyses of alternative financing sources for the company and their pricing are continuously updated. The company has also taken actions to ensure more efficient cash management and working capital as well as solid loan base comprising long-term loans.

Development

Tieto's development costs totalled EUR 56.5 (53.7 in 2007 and 70.3 in 2006) million in 2008, representing 3.0% (3.0 in 2007 and 4.3 in 2006) of net sales. These development costs are mostly related to the development of Tieto's offerings, own software products, modules and components as well as processes and building global service production. Development costs for major new business concepts and software products are capitalized as intangible assets if they fulfil the requirements stated in the accounting principles. Capitalized development costs for 2008 totalled EUR 1.4 (2.6 in 2007 and 2.2 in 2006) million.

Board of Directors and management

The Board's Remuneration and Nomination Committee prepares a proposal on the composition of the Board, which is then presented to the AGM for its decision. Shareholders may also propose Board members to be elected by the AGM.

The 2008 AGM re-elected Bruno Bonati, Mariana Burenstam Linder, Bengt Halse, Kalevi Kontinen, Matti Lehti, Olli Riikkala and Anders Ullberg. In addition, the meeting elected Risto Perttunen as a new member. Anders Eriksson and Jari Länsivuori stayed on as personnel representatives. In May, the Chairman of the Board of Directors, Matti Lehti informed the company that he will resign from the Board due to health reasons. The Board's Deputy Chairman Anders Ullberg was appointed as the new Chairman and Board member Olli Riikkala as Deputy Chairman as of 8 May 2008.

The Board has two committees. The Remuneration and Nomination Committee is composed of Anders Ullberg (Chairman), Bruno Bonati, Mariana Burenstam Linder and Bengt Halse. The Audit and Risk Committee is composed of Olli Riikkala (Chairman), Risto Perttunen and Anders Ullberg.

On 15 February 2008, Hannu Syrjälä stepped in as Tieto's President and CEO. In February, Timo Salmela, former CFO, and Matti Viljo, former President of the Banking & Insurance business area, left Tieto by mutual agreement with the company. Monica Ek-Lindblom was appointed as acting Chief Financial Officer (CFO) of the Tieto Group and Seppo Haapalainen as acting President for the Banking & Insurance business area effective 18 February. Monica Ek-Lindblom and Seppo Haapalainen were in their positions until the end of 2008.

In May, Arto Ryymin was appointed as Executive Vice President of Tieto's Healthcare & Welfare business area and as a member of Tieto's Corporate Management Team (CMT) as of 1 June. In June, Johanna Pyykönen-Walker was appointed as Executive Vice President, Human Resources and as a member of the Corporate Management Team as of 1 August. In July, Eva Gidlöf was appointed as Executive Vice President of Tieto's Banking & Insurance business area and as a member of the Corporate Management Team.

In September, Tieto announced its new operating model and appointed the new Leadership Team (LT) as of 1 January 2009. The Leadership Team comprises Hannu Syrjälä, President and CEO; Eva Gidlöf, Executive Vice President, Country Head of Sweden; Kavilesh Gupta, Executive Vice President, Head of Global Service Lines; Seppo Haapalainen, Executive Vice President, Chief Financial Officer (CFO); Ari Karppinen, Executive Vice President, Country Head of Finland; Bengt Möller, Executive Vice President, Head of Telecom and Media industries; Johanna Pyykönen-Walker, Executive Vice President, Head of HR; Ari Vanhanen, Executive Vice President, Head of Industry Group and Pekka Viljakainen, Executive Vice President, Head of International and Head of Customer and Market Operations (CMO).

Åke Plyhm, Deputy CEO, decided to leave the company at the end of 2008.

Responsibilities for appointing and discharging the President and CEO and other Leadership Team members are described in the Corporate Governance section of the Annual Review.

Transactions with related parties

The related parties of Tieto are its Board of Directors, President and CEO, the Leadership Team (LT) and the Group's associated companies. The Corporate Management Team (CMT), now replaced by the Leadership Team (LT), was considered a related party in 2008.

The bonus levels of the President and CEO and CMT members were reviewed with effect from the beginning of 2008. The President and CEO's bonus is a maximum of 100% of his annual base salary and is based on the Group's net sales and operating profit. The reward factors for the CMT members are based on the financial performance of the Group and their own units. In addition, the Board has implemented a retention plan for the President and CEO and CMT members connected to the public tender offer that was ongoing during the second quarter of 2008.

Transactions with associated companies are not considered to be material.

Shares and options

TietoEnator Corporation's issued and registered share capital on 31 December 2008 totalled EUR 75 841 523 and the number of shares was 72 023 173. The cancellation of 1 935 000 own shares repurchased in August and September 2007 was registered on 9 January 2008. The Board of Directors decided on the cancellation of these shares in December 2007. Following the registration, the company holds a total of 361 650 own shares, representing 0.5% of the shares and voting rights. These shares were repurchased for the allocations in the share-based incentive plan 2006–2008. The number of outstanding shares (excluding the shares in the company's possession) was 71 661 523 at the end of 2008.

TietoEnator's shares have no par value and have a book counter-value of one euro. The company has one class of shares, with each share conferring equal dividend rights and one vote. The company's Articles of Association include a restriction on voting at the Annual General Meeting, where no-one is allowed to vote with more than one-fifth of the votes represented at the meeting.

On 23 March 2006, TietoEnator Corporation's Annual General Meeting decided to offer free of charge a maximum of 1 800 000 stock options for subscription by the key personnel of the Group as well as by a wholly-owned subsidiary of TietoEnator Corporation. The issued stock options entitle their holders to subscribe for a maximum of 1 800 000 shares in TietoEnator Corporation. This amount has been allocated into three stock option rights 2006 A, 2006 B and 2006 C. On 23 April 2008, the Board of Directors decided to amend the terms and conditions of these stock options to the effect that the 2006 stock options are not freely transferable prematurely in any event other than where a tender offer is carried out and completed for all the shares and stock options of the company. Option programmes 2002 and 2006 and their possible impacts on the number of shares and votes are described in detail in the Shares and Shareholders section.

In all the current option schemes, the persons covered by the scheme receive the options if they are employed by the company on the starting date of the subscription period. Under the terms of both the 2002 option scheme and the 2006 option scheme, the subscription price will be reduced annually by the amount of dividend per share.

The company has two share-based incentive plans. In December 2005, the Board of Directors approved a share-based incentive plan 2006-2008 for its key personnel. In this plan, rewards can be paid either as shares or in cash during 2007–2009. The cash payment covers taxes and tax-related costs. The share part of the programme has a maximum scope of 200 000 shares for the whole three-year period. The allocated amount of rewards each year is dependent on the achievement of earnings per share (EPS) targets that are set annually by the Board of Directors. In 2008, the target was achieved and a total amount of 77 560 shares will be allocated to the entitled employees by the end of April 2009.

On 18 December 2008, the Board of Directors approved a new share-based incentive plan, Performance Share Plan 2009–2011, to be offered to the President and CEO and other members of the Leadership Team. Performance Share Plan 2009–2011 is a part of the remuneration and commitment programme for the management and its purpose is to align the goals of the company's shareholders and key executives in order to enhance the value of the company. It also aims to ensure the commitment of key executives and to offer them a competitive, ownership-based reward scheme. The plan includes one three-year earning period, which began on 1 January 2009 and will end on 31 December 2011. The potential reward from the plan is based on Tieto's earnings per share in 2011. The amount of the reward will be determined and paid to the participants of the plan on the basis of the achievement of EPS target after the financial statements have been prepared before the end of April 2012. The reward will be paid in the form of shares in the company. According to the Board's decision, the rewards to be paid will correspond to a maximum of 540 000 shares, and the participants shall receive cash compensation for accumulated dividends on the shares during 2009-2011. No new shares will be issued in connection with the Performance Share Plan and therefore the incentive plan will have no diluting effect.

In December, the Board of Directors approved share ownership guidelines for the President and CEO and other Leadership Team members. The Board also decided to continue to prepare a new Option Plan for the key employees of the company. The plan will be proposed at the next Annual General Meeting of the company.

The 2008 Annual General Meeting on 27 March authorized the Board of Directors to repurchase the company's own shares up to 7 202 317, which represents 10% of shares and voting rights. The authorization is intended to be used to develop the company's capital structure. The Board of Directors was also authorized to issue shares, stock option rights and other rights entitling to shares. The authorization is in force until the close of the next Annual General Meeting, however, until 27 September 2009 at the latest. Based on this authorization the share capital may increase by at most 14 404 634 shares, representing 20% of the aggregate number of shares. The purpose of the authorization is to safeguard the company's ability to develop its operations both in the domestic and in the international markets, in order to enable and finance both the acquisition of companies and business operations and also other co-operative arrangements. None of these authorizations were used.

The members of the Board of Directors and the President and CEO and their close associates together held 0.06% of the shares and votes and 3.67% of the option rights on 1 January 2009. Based on the bonds with warrants and options, they can increase their aggregate holding to at most 0.21% of the shares and votes.

More information on the company's ownership is available in the Shares and Shareholders section of the Financial Statements.

Dividend proposal

The distributable funds of the Parent company amount to EUR 801 791 803.78 of which net profit for the current year amounts to EUR 19 541 399.60. The Board of Directors proposes a dividend of EUR 0.50 (0.50) per share for 2008.

The proposed dividend payout does not endanger the liquidity of the company.

Public tender offer

Cidron Services Oy made a public tender offer for all the outstanding shares and stock options in Tieto on 20 March 2008. On 26 May, Cidron Services announced the lapsing of its public tender offer as the conditions to the completion of the offer were not fulfilled during the offer period.

During and after the offer period, the company's Board of Directors had discussions with a number of strategic and financial parties that had indicated their potential interest in making an offer for the company. As none of these discussions resulted in any firm and actionable offers for the shares, Tieto announced on 19 June that discussions with potential offerors have ended.

Subsidiaries merged in Finland and Sweden

Tieto merged major part of its subsidiaries in Finland and Sweden at the end of 2008. The aim of these mergers was to simplify the corporate structure and administration, increase the efficiency of business operations and reduce costs.

The following Finnish subsidiaries of TietoEnator Corporation

- Oy Abaris Financial Systems Ab
- Primasoft Oy
- TietoEnator Banking & Insurance Oy
- TietoEnator Digital Innovations Oy
- TietoEnator Forest & Energy Oy
- TietoEnator GMR Oy
- TietoEnator Retail & Distribution Services Oy

were merged into TietoEnator Finland Oy (previously Tieto-Enator Telecom & Media Oy). Additionally, TietoEnator Processing & Network Oy was demerged to TietoEnator Finland Oy and to a new company TietoEnator PN Oy.

The following subsidiaries of TietoEnator Sverige AB

- TietoEnator Business Support Sweden AB
- TietoEnator Digital Innovations AB
- TietoEnator Financial Solutions AB
- TietoEnator Forest & Energy AB
- TietoEnator Processing & Network AB
- TietoEnator R&D Services AB
- TietoEnator Telecom & Media AB

were merged into TietoEnator Sverige AB (currently Tieto Sweden AB).

Other mergers in 2008

In Norway, Abaris AS and TietoEnator Financial Solutions ASA were merged into TietoEnator AS. In Germany, Cymed AG was merged into TietoEnator Deutschland GmbH.

New corporate brand launched

In December, the company launched a new corporate brand: Tieto. The official registered name of the company, TietoEnator Corporation, will remain unchanged for the time being as the change of the registered company name is subject to a decision by the Annual General Meeting.

Outlook for 2009

Tieto anticipates the overall growth of the IT services market to remain flat in 2009 due to the economic slowdown. In the Nordic countries, the best prospects in 2009 are seen in outsourcing as fairly good demand for application and ICT infrastructure management as well as maintenance is expected to continue in most sectors. These services account for more than half of Tieto's net sales.

Visibility to the market is poor, as uncertainty prevails over the future development of the IT market. Tieto expects its service volumes to grow, supported by new outsourcing cases, but the lower price level and weak Swedish currency (SEK) are anticipated to have a negative impact on net sales. Price pressure is felt most in new contracts and contract renewals as well as sectors where overall demand is now declining.

A major part of the actions related to Tieto's Performance Improvement Programme were implemented in 2008 and the majority of the related costs materialized in 2007 and 2008. The remaining costs related to the Performance Improvement Programme, approximately EUR 20 million, will materialize in the first half of 2009. The savings reached to date have already favourably impacted Tieto's financial performance and this will continue in 2009.

Tieto expects the labour market to continue to settle down in 2009, easing pressure for higher salaries. In Finland and Sweden, wage inflation is expected to be about 2–3% in 2009.

Financial Figures

FIVE-YEAR FIGURES	2008	2007	2006 (1	2005	2004
Net sales, EUR million	**1 865.7**	1 772.4	1 646.5	1 570.4 (1	1 525.1
Operating profit (EBIT), EUR million	**111.6**	1.3	127.7	169.1 (1	162.7
Operating margin, %	**6.0**	0.1	7.8	10.8 (1	10.7
Profit before taxes, EUR million	**82.4**	-8.6	124.5	171.2 (1	158.1
% of net sales	**4.4**	-0.5	7.6	10.9 (1	10.4
Total assets, EUR million	**1 254.5**	1 282.7	1 374.7	1 312.0	1 087.7
Return on equity, %	**12.6**	-5.7	15.5	27.3	45.9 (2
Return on capital employed, %	**25.2**	7.8	18.7	29.7	32.6 (2
Equity ratio, %	**41.1**	40.2	48.4	39.8	48.8
Gearing, %	**21.0**	34.4	14.9	39.1	6.1
Investments, EUR million	**97.9**	87.7	77.9	267.3 (1	166.4
% of net sales	**5.2**	5.0	4.7	17.0 (1	10.9
Average number of employees	**16 397**	15 588	14 414	13 213	12 527

1) Represented for continuing operations.

2) When calculating the 2004 return on equity and return on capital employed, the 12-month averages for 2003 used in the denominator comply with FAS and not IFRS.

Per share data for 2004–2008 is provided on page 70 of the Financial Review.

KEY FIGURES BY QUARTER	2008	2008	2008	2008	2008 (2	2007	2007	2007	2007	2007 (2
Unaudited	1–3	4–6	7–9	10–12	**1–12**	1–3	4–6	7–9	10–12	1–12
Net sales, EUR million	468.3	480.1	425.3	492.0	**1 865.7**	442.2	434.2	404.7	491.3	1 772.4
Operating profit excluding one-off items mainly related to the Performance Improvement Programme, EUR million	37.6	33.2	36.7	42.4	**149.9**	32.8	14.8	20.9	39.1	107.6
Profit before taxes, EUR million	21.7	23.8	30.3	6.6	**82.4**	32.4	8.9	17.8	-67.7	-8.6
Earnings per share, EUR										
- basic	0.23	0.26	0.33	0.02	**0.83**	0.33	0.07	0.15	-1.00	-0.44
- diluted	0.23	0.26	0.33	0.02	**0.83**	0.33	0.07	0.15	-1.00	-0.44
Earnings per share, EUR 1)	0.36	0.29	0.36	0.21	**1.21**	0.34	0.18	0.20	0.05	0.77
Equity per share, EUR	6.29	6.58	6.90	6.75	**6.75**	7.70	7.75	7.66	6.67	6.67
Equity ratio, %	38.0	38.8	42.0	41.1	**41.1**	44.5	44.4	43.0	40.2	40.2
Net interest-bearing liabilities, EUR million	139.7	138.1	169.7	101.4	**101.4**	72.6	177.7	215.4	164.5	164.5
Gearing %	31.0	29.3	34.3	21.0	**21.0**	12.9	31.2	39.2	34.4	34.4
Investments, EUR million	36.2	23.2	25.7	12.8	**97.9**	27.3	12.9	25.2	22.3	87.7
Personnel										
- at end of period	16 351	16 301	16 392	16 618	**16 618**	15 182	15 408	15 823	16 324	16 324
- average, cumulative	16 391	16 361	16 355	16 397	**16 397**	15 026	15 178	15 359	15 588	15 588

1) Excluding one-off items related to the Performance Improvement Programme, goodwill impairments, badwill and capital gains and losses.

2) Audited.

See calculation of key figures on page 53.

Income Statement (IFRS)

EUR million	Note	**1 Jan–31 Dec 2008**	1 Jan– 31 Dec 2007
Net sales	1	**1 865.7**	1 772.4
Other operating income	2	**10.8**	13.3
Cost of sales		**292.7**	276.7
Employee benefit expenses	5, 6	**1 056.0**	1 021.3
Depreciation and amortization	10, 11	**66.1**	77.0
Impairment of goodwill	10	**-**	40.0
Other operating expenses	3	**350.1**	369.5
Share of associated companies' results		**0.0**	0.1
Operating profit		**111.6**	1.3
Net interest expenses	7	**-9.3**	-7.1
Net exchange losses and gains	7	**-21.2**	-0.7
Other financial income and expenses	7	**1.3**	-2.1
Profit before taxes		**82.4**	-8.6
Income taxes	8	**-21.9**	-22.6
Net profit for the period		**60.5**	-31.2
Net profit for the period attributable to			
Shareholders of the Parent company		**59.9**	-32.3
Minority interest		**0.6**	1.1
		60.5	-31.2
Earnings attributable to the shareholders of the Parent company per share (EUR)	9		
Basic		**0.83**	-0.44
Diluted		**0.83**	-0.44
Average number of shares (1 000 shares)			
Basic		**71 662**	72 941
Diluted		**71 739**	72 941

Comments to the Income Statement

Tieto's net sales grew by 5% to EUR 1 865.7 (1 772.4) million. In local currencies the growth was 7%. Organic growth totalled 6%.

Tieto booked EUR 39.6 million in one-off items related to the Performance Improvement Programme. Employee benefit expenses include costs from personnel restructuring of EUR 24.8 million. Additionally, other operating income includes EUR 1.3 million from badwill recognition.

Employee benefit expenses increased by 3% and represented 57% (58) of net sales. The result-based bonuses were 31.9 (23.6) million. The average number of employees was 16 397 (15 588). Average salaries in IT sector increased by 3–4% in Finland and Sweden. Employee benefit expenses include 5.3 (2.9) million of stock expenses (share-based payments).

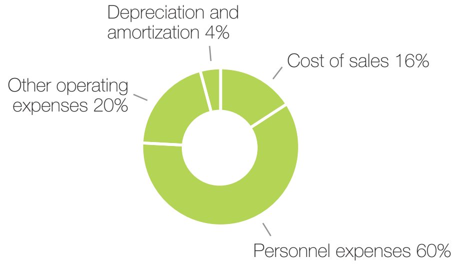
Operating profit amounted to EUR 111.6 (1.3) million, representing a margin of 6.0% (0.1). Operating profit, excluding one-off items mainly related to the Performance Improvement Programme, amounted to EUR 149.9 (107.6) million, representing a margin of 8.0% (6.1).

Amortization on allocated intangible assets totalled EUR 10.0 (9.8). Net financial expenses stood at EUR 29.2 (9.9) million. Net interest expenses were EUR 9.3 (7.1) million and net losses from foreign exchange transactions EUR 21.2 (0.7) million of which unrealized net losses were EUR 23.4 million. Other financial income and expenses amounted to EUR positive 1.3 (negative 2.1) million.

Tax expenses reported for the year include EUR 14.4 million payable on the profit for the year and 9.4 million from the change in deferred taxes. Tax rate was 26% in Finland and 28% in Sweden. Net profit amounted to EUR 60.5 (-31.2) million.

Cost structure	2008	2007
Cost of sales	**16.6%**	15.5%
Employee benefit expenses	**59.8%**	57.2%
Other operating expenses	**19.8%**	20.7%
Depreciation and amortization	**3.8%**	4.3%
Impairment of goodwill	**0%**	2.2%
Total	**100.0%**	100.0%

COST STRUCTURE IN 2008, %



Balance Sheet (IFRS)

EUR million	Note	31 Dec 2008	31 Dec 2007
ASSETS			
Non-current assets			
Goodwill	10, 14, 15	**389.3**	415.7
Other intangible assets	10	**53.1**	66.4
Property, plant and equipment	11	**100.5**	76.8
Deferred tax assets	17	**67.8**	66.4
Investment in associated companies	12	**0.0**	1.6
Other non-current assets	13	**1.5**	1.5
Total non-current assets		**612.2**	628.4
Current assets			
Trade and other receivables	18	**498.5**	560.2
Current income tax receivables		**13.9**	9.9
Interest-bearing current assets		**9.7**	11.3
Cash and cash equivalents	19	**120.2**	72.9
Total current assets		**642.3**	654.3
Total assets		**1 254.5**	1 282.7
EQUITY AND LIABILITIES			
Equity			
Share capital	20	**75.8**	75.8
Share issue premiums and other reserves	20	**33.2**	39.6
Retained earnings		**373.0**	358.2
Parent shareholders' equity		**482.0**	473.6
Minority interest		**1.6**	4.0
Total Equity		**483.6**	477.6
Non-current liabilities			
Finance lease liability	24	**14.5**	1.4
Other interest-bearing loans	25	**150.0**	150.5
Deferred tax liabilities	17	**29.2**	23.4
Pension obligations	22	**17.2**	22.0
Provisions	23	**28.6**	35.9
Other non-current liabilities		**1.6**	1.7
Total non-current liabilities		**241.1**	234.9
Current liabilities			
Trade and other payables	26	**447.5**	461.7
Current income tax liabilities		**15.6**	11.6
Interest-bearing loans	25	**66.7**	96.9
Total current liabilities		**529.8**	570.2
Total equity and liabilities		**1 254.5**	1 282.7

Comments to the Balance Sheet

Assets

The consolidated balance sheet totalled EUR 1 254.5 (1 282.7) million, a 2.2% decrease compared with 2007.

Goodwill decreased to EUR 389.3 (415.7) million. The decrease was mainly attributable to changes in exchange rates. Increase in property, plant and equipment was mainly due to new finance lease agreements. Direct capital expenditure on fixed assets including new finance lease agreements amounted to EUR 83.2 (52.9) million.

Distribution of total assets 31 Dec	2008	2007
Goodwill	**31.0%**	32.4%
Other intangible assets	**4.2%**	5.2%
Tangible assets	**8.0%**	6.0%
Other assets	**47.2%**	50.7%
Cash and cash equivalents	**9.6%**	5.7%
Total	**100.0%**	100.0%

Equity and Liabilities

The total amount of equity amounted to EUR 483.6 (477.6) million. The net profit for the year increased equity by EUR 59.9 million and dividend payment decreased equity by EUR 35.8 million. The equity ratio was 41.1% (40.2).

Net debt totalled EUR 101.4 (164.5) million, including EUR 216.7 million in interest-bearing debt, EUR 14.5 million in finance lease liabilities, EUR 9.6 million in finance lease receivables and EUR 120.2 million in cash and cash equivalents. Gearing decreased to 21.0% (34.4).

The interest-bearing debt consists of one seven-year bond at EUR 100 million (maturing in December 2013) and one seven-year private placement at EUR 50 million (maturing in July 2012) and usage of EUR 3.0 million from the short-term EUR 250 million commercial paper programme and EUR 57.5 million from the five-year 250 million committed syndicated loan facility (maturing in December 2011).

Distribution of total equity and liabilities 31 Dec	2008	2007
Share capital	**6.1%**	5.9%
Other Parent shareholders' equity	**32.4%**	31.0%
Minority interest	**0.1%**	0.3%
Interest-bearing liabilities	**18.4%**	19.4%
Non-interest-bearing debt	**43.0%**	43.4%
Total	**100.0%**	100.0%

Statement of Cash Flow (IFRS)

EUR million	Note	1 Jan–31 Dec 2008	1 Jan–31 Dec 2007
Cash flow from operations			
Net profit		**60.5**	-31.2
Adjustments			
Depreciation, amortization and impairment		**66.1**	117.0
Share of associated companies' result		**0.0**	-0.1
Share-based payments		**4.1**	2.3
Profit/loss on sale of fixed assets and shares		**0.2**	0.0
Other adjustments		**-1.3**	1.3
Net financial expenses		**29.2**	9.9
Income taxes		**21.9**	22.6
Change in net working capital			
Change in current receivables		**63.8**	-49.5
Change in inventories		**0.1**	0.3
Change in current non-interest-bearing liabilities		**-33.6**	57.5
Cash generated from operations		**211.0**	130.2
Financing income received under leases		**0.7**	0.7
Interest income received		**2.5**	6.5
Interest expenses paid		**-12.6**	-13.9
Other financial income received		**40.9**	46.4
Other financial expenses paid		**-37.5**	-41.0
Income taxes paid		**-14.0**	-9.9
Net cash flow from operations		**191.0**	119.0
Cash flow from investing activities			
Acquisition of Group companies and business operations, net of cash acquired	14	**-8.0**	-28.3
Capital expenditure		**-68.5**	-48.6
Disposal of business operations and associated company		**0.0**	4.6
Change in loan receivables		**-1.4**	-1.2
Sales of fixed assets		**3.0**	8.0
Total net cash used in investing activities		**-74.9**	-65.5
Cash flow from financing activities			
Dividends paid		**-36.0**	-88.5
Repurchase of own shares		**-**	-32.1
Payment of finance lease liabilities		**-2.6**	-12.1
Proceeds from short-term borrowings		**522.0**	603.0
Repayments of short-term borrowings		**-549.1**	-583.0
Proceeds from long-term borrowings		**57.1**	-
Repayments of long-term borrowings		**-57.5**	-2.9
Net cash used in other financing activities		**0.0**	0.5
Total net cash used in financing activities		**-66.1**	-115.1
Change in cash and cash equivalents		**50.0**	-61.6
Cash and cash equivalents at beginning of period		**-72.9**	-138.9
Foreign exchange differences		**2.7**	4.4
Cash and cash equivalents at end of period	19	**120.2**	72.9
		50.0	-61.6

Change in loan receivables related to IFRIC 4 has been regrouped from financing activities to investing activities.
Foreign exchange rate differences related to cash and cash equivalents have been regrouped from change in net working capital.
Figures for 2007 have been corrected accordingly.

Statement of Changes in Equity

	Parent shareholders' equity					Minority interest	Total equity
EUR million	Share capital	Share issue premiums and other reserves	Own shares	Translation differences	Retained earnings		
Balance at 31 Dec 2006	75.8	68.8	-52.3	-6.6	536.7	4.0	626.4
Translation difference		-2.7		-5.9	10.2		1.6
Cancellation of own shares			43.3		-43.3		0.0
Transfer between restricted and non-restricted equity		-26.5			26.5		0.0
Share-based payments recognized against equity					2.3		2.3
Dividend					-88.3		-88.3
Own shares purchased			-32.1				-32.1
Exercise of share options	0.0	0.0					0.0
Net profit for the period					-32.3		-32.3
At 31 Dec 2007	**75.8**	**39.6**	**-41.1**	**-12.5**	**411.8**	**4.0**	**477.6**
Balance at 31 Dec 2007	75.8	39.6	-41.1	-12.5	411.8	4.0	477.6
Translation difference		-4.2		-63.6	46.3		-21.5
Minority interest					0.3	-3.0	-2.7
Cancellation of own shares			32.1		-32.1		0.0
Transfer between restricted and non-restricted equity		-2.2			2.2		0.0
Share-based payments recognized against equity					3.8		3.8
Dividend					-35.8		-35.8
Other changes [1]					1.7		1.7
Net profit for the period					59.9	0.6	60.5
At 31 Dec 2008	**75.8**	**33.2**	**-9.0**	**-76.1**	**458.1**	**1.6**	**483.6**

1) See Accounting policies.

Notes to the Consolidated Financial Statements

ACCOUNTING POLICIES FOR THE CONSOLIDATED ACCOUNTS

Corporate information

TietoEnator Corporation is a Finnish public limited company organized under the laws of Finland and domiciled in Espoo. The company is listed on NASDAQ OMX in Helsinki and Stockholm.

Basis of preparation

These consolidated financial statements of TietoEnator Corporation are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated financial statements are presented in millions of euros and have been prepared under historical cost conventions, unless otherwise stated in these accounting policies.

New and amended standards and interpretations effective in 2008, but not relevant to the Group's financial statements

IAS 39 (Amendment) and IFRS 7 (Amendment), 'Reclassification of financial assets'. The amendment permits an entity to reclassify non-derivative financial assets out of the held for trading category and from the available-for-sale category in particular circumstances and with certain criteria. In case of reclassification additional disclosures are required. The amendment is effective from 1 July 2008.

Application of new and amended IFRS standards and IFRIC interpretations

The IASB has published the following standards and interpretations whose application will be mandatory in 2009 or later. The Group has not early adopted these standards, but will adopt them in later periods.

The following standards and interpretations will be adopted by the Group in 2009:

- IAS 1 (Revised), 'Presentation of Financial Statements'. The revised standard is aimed at improving users' ability to analyse and compare the information given in financial statements by separating changes in equity of an entity arising from transactions with owners from other changes in equity. Non-owner change in equity will be presented in the statement of comprehensive income. The revised standard will have some minor impact on disclosures required.
- Amendment to IAS 23, 'Borrowing Costs'. The amended standard requires that borrowing costs directly attributable to contract activity are considered to be part of the contract costs. As Tieto has on average a net credit position the amendment will not have any material impact.
- IFRS 8, 'Operating Segments'. The new standard replaces IAS 14. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The number of reportable segments, as well as the manner in which the segments are reported, will be changed to conform with internal reporting. As Tieto's new structure and operating model call for new type of reporting the Business Area structure will be discontinued and replaced by country segments: Finland, Sweden and International. The new standard will require some additional disclosures.
- Amendments to IAS 32, 'Financial Instruments: Presentation' and IAS 1, 'Presentation of Financial Statements' – Puttable Financial Instruments and Obligations Arising on Liquidation. The amendments require some puttable financial instruments and some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity. The amendment is not expected to have an impact on the Group's financial statements. (1
- Amendment to IFRS 2, 'Share-based payment', clarifies that only service conditions and performance conditions are vesting conditions. All other features need to be included in the grant date fair value and do not impact the number of awards expected to vest or the valuation subsequent to grant date. The amendment also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendment is not expected to have an impact on the Group's financial statements.
- IFRIC 11, 'IFRS 2 – Group and treasury share transactions'. The interpretation provides guidance on whether share-based transactions involving treasury shares or involving Group entities should be accounted for as equity settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. The interpretation is not expected to have an impact on the Group's financial statements.
- IFRIC 13, 'Customer Loyalty Programmes'. The interpretation clarifies that where goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The interpretation is not expected to have an impact on the Group's financial statements.
- IFRIC 14, 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'. The interpretation is applied to post-employment defined benefit plans and other long-term defined benefit plans under IAS 19, if the plan includes minimum funding requirements. The interpretation also clarifies the criteria for recognition of an asset on future refunds or reductions in future contributions. The interpretation is not expected to have an impact on the Group's financial statements.
- IFRIC 15, 'Agreements for the Construction of Real Estate'. The interpretation clarifies whether an agreement for the construction of real estate is within the scope of IAS 11, 'Construction Contracts', or IAS 18, 'Revenue', and when revenue from such construction projects can be recognised on a percentage of completion basis. The interpretation is not expected to have an impact on the Group's financial statements. (1

- IFRIC 16, 'Hedges of a Net Investment in a Foreign Operation'. IFRIC 16 clarifies the accounting treatment in respect of a hedge of a net investment in a foreign operation. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency. In addition hedging instruments may be held anywhere in the Group. The requirements of IAS 21, 'The effects of changes in foreign exchange rates', do apply to the hedged item. The interpretation is not expected to have an impact on the Group's financial statements. (1

IASB published changes to several standards in May 2008 as part of the annual Improvements to IFRS' project, but they are not expected to have an impact on the Group's financial statements.

- IAS 1 (Amendment), 'Presentation of financial statements'. The amendment clarifies that some rather than all financial assets classified as held for trading in accordance with IAS 39 are current assets. (1
- IAS 16 (Amendment), 'Property, plant and equipment' (and consequential amendment to IAS 7, 'Statement of cash flows'). Entities whose ordinary activities comprise renting and subsequently selling assets present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for sale. A consequential amendment to IAS 7 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities. (1
- IAS 19 (Amendment), 'Employee benefits'. The amendment clarifies among others things that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. (1
- IAS 20 (Amendment), 'Accounting for government grants and disclosure of government assistance'. The benefit of a below market rate government loan is measured as the difference between the carrying amount in accordance with IAS 39 and the proceeds received with the benefit accounted for in accordance with IAS 20. (1
- IAS 23 (Amendment), 'Borrowing costs'. The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39. (1
- IAS 27 (Amendment), 'Consolidated and separate financial statements'. Where an investment in a subsidiary that is accounted for under IAS 39, 'Financial instruments: recognition and measurement', is classified as held for sale under IFRS 5, 'Non-current assets held-for-sale and discontinued operations', IAS 39 would continue to be applied. (1
- IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial Instruments: Presentation' and IFRS 7, 'Financial instruments: Disclosures'). Where an investment in associate is accounted for in accordance with IAS 39, only certain rather than all disclosure requirements in IAS 28 need to be made in addition to disclosures required by IAS 32 and IFRS 7. (1
- IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial Instruments: Presentation', and IFRS 7, 'Financial instruments: Disclosures'). An investment in an associate is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. (1
- IAS 31 (Amendment), 'Interests in joint ventures' (and consequential amendments to IAS 32 and IFRS 7). Where an investment in joint venture is accounted for in accordance with IAS 39, only certain rather than all disclosure requirements in IAS 31 need to be made in addition to disclosures required by IAS 32 and IFRS 7. (1
- IAS 36 (Amendment), 'Impairment of assets'. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. (1
- IAS 38 (Amendment), 'Intangible assets'. A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. This means that an expense will be recognised for mail order catalogues when the Group has access to the catalogues and not when the catalogues are distributed to customers. (1
- IAS 38 (Amendment), 'Intangible assets'. The amendment deletes the wording that states that there is 'rarely, if ever' support for use of a method that results in a lower rate of amortisation than the straight-line method. (1
- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement'. The amendment clarifies among other things the classification of derivative instruments where there is a change in the hedge accounting, the definition of financial asset or financial liability at fair value through profit or loss and requires use of a revised effective interest rate to remeasure the carrying amount of a debt instrument on cessation of fair value hedge accounting. (1
- IAS 40 (Amendment), 'Investment property' (and consequential amendments to IAS 16). Property that is under construction or development for future use as investment property is within the scope of IAS 40. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable. (1
- IAS 41 (Amendment), 'Agriculture'. The amended standard requires the use of a market-based discount rate where fair value calculations are based on discounted cash flows and removes the prohibition on taking into account biological transformation when calculating fair value. (1

The following new standards and interpretations effective in 2009 are not relevant to the financial statements of the Group:

- IFRS 1 (Amendment) 'First time adoption of IFRS', and IAS 27 'Consolidated and separate financial statements'. The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. (1

The following standards, amendments and interpretations published by the IASB will be adopted by the Group in 2009 and management is assessing the impact on the finanical statements of the Group:

- IAS 27 (Revised), 'Consolidated and separate financial statements'. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value and a gain or loss is recognised in profit or loss. (1
- IAS 39 (amendment), 'Financial instruments: Recognition and measurement – Eligible Hedged Items'. The amendment prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. (1
- IFRS 5 (Amendment), 'Non-current assets held-for-sale and discontinued operations' (and consequential amendment to IFRS 1, 'First-time adoption'). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to IFRS 1 states that these amendments are applied prospectively from the date of transition to IFRS. (1
- IFRIC 17, 'Distributions of non-cash assets to owners'. The interpretation clarifies how an entity should measure distributions of assets other than cash made as a dividend to its owners. (1

The following standards and interpretations published by the IASB will be adopted by the Group in 2010:

- IFRS 3 (Revised), 'Business combinations'. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently remeasured at fair value through income. Goodwill may be calculated based on the Parent's share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed. Management is assessing the impact of this revision on the financial statements of the Group. (1

The following new standards and interpretations effective in 2010 are not relevant to the financial statements of the Group:

- IFRIC 12, 'Service Concession Arrangements'. The interpretation applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. (1

1) The standard/ interpretation is still subject to endorsement by the European Union.

Consolidation principles

The consolidated financial statements include the Parent company TietoEnator Corporation and all subsidiaries over which the Parent company has direct or indirect control.

Subsidiaries are consolidated from the date of acquisition until the date of divestment.

Subsidiaries acquired prior to 1 January 2004 are consolidated in accordance with the originally applied accounting and consolidation principles pursuant to the exemption under IFRS 1. The purchase method of accounting is used to account for all acquisitions of subsidiaries except of one where the pooling-method is used. Subsidiaries acquired on or after 1 January 2004 are consolidated in accordance with IFRS 3 – Business Combinations.

TietoEnator Corporation holds interests in companies for which it has assumed management responsibility and which are jointly controlled. Such companies have been consolidated using the proportional method in accordance with IAS 31 – Interests in Joint Ventures. TietoEnator Corporation's shares of the assets, liabilities, income and expenses have been included in the consolidated financial statements.

The Group holds interests in associated companies in which it has significant influence. These interests are consolidated in accordance with the equity method, under which they are carried at cost plus post-acquisition changes in the Group's share of the company's net assets. Goodwill arising on acquisition is included in the carrying amounts of the investments and tested for impairment as part of the investments. Goodwill is not amortized.

The Group's share of the results of operations of the associated companies is shown separately and included in the operating profit.

Intra-group receivables, payables and transactions including dividends and internal profit are eliminated on consolidation.

Minority interests are shown separately under consolidated shareholders' equity.

Segment reporting

The Group's operating structure effective until the end of 2008 is mainly divided into business areas comprising defined customer segments. The Processing & Network Business Area provides end-to-end processing and network services to customer segments of the other Business Areas. Digital Innovation is not consolidated as a separate segment and has been allocated evenly to the five business areas. These business areas have been defined as the primary segments reported under IAS 14 – Segment Reporting. Geographical areas have been defined as the secondary segments. The segment reporting will change 2009 as Tieto's new structure and operating model call for new type of reporting. The Business Area structrue will vanish and be replaced by Country segments: Finland, Sweden and International.

Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate prevailing on the transaction date. The foreign currency items at the end of the financial period are valued at the closing rates on the balance sheet date. Foreign exchange gains and losses related to business operations are included in operating profit, and foreign exchange gains and losses associated with financing are reported in financial income and expenses.

In the consolidated financial statements, the income statements of subsidiaries whose functional currencies are not the euro are translated into euros using the average rates for the accounting period. Their balance sheets are translated using the closing rate on the balance sheet date.

Translation differences arising from the consolidation are disclosed separately in consolidated equity. When a subsidiary is sold, any translation difference is recognized in the income statements as part of the gain or loss on the sale.

Revenue recognition

Revenue is recognised in accordance with the requirements of IAS 11 and 18. Revenue comprises the fair value for the sale of IT services and goods, net of value-added tax, discounts and exchange differences. Services mainly include the development of customized software solutions, maintenance of software solutions, and processing and network services. Goods mainly include sales of software licences.

Sales of services are recognized in the accounting period in which the service is rendered. Revenue from fixed price projects and similar types of customer agreements is recognized according to the stage-of-completion method, which is calculated monthly by comparing completed work hours against total estimated work hours to finalise the project. Stage-of-completion method is used provided that the degree of completion can be assessed reliably and the amount of the income and costs related to the service contract can be estimated reliably. If these conditions are not met, revenue only equal to costs incurred to date are recognized to the extent that such costs are expected to be recovered. Provision are made for losses in connection with long-term contracts when these losses are identified and amounts can be reliably estimated.

Sales of goods are recognized when the decisive risks and rewards that are connected with the ownership of the goods sold are transferred to the buyer and the seller retains neither a continuing right to dispose of the goods, nor effective control of those goods.

Other operating income

Other operating income mainly includes gains from both asset and business disposals, rental income and govenrment grants. Gains from discontinued operations are included in the net profits of the discontinued operations.

Research and development costs

Research costs are expensed as incurred. Development expenditures related to major new business concepts and software products are capitalized as intangible assets when their future recoverability can reasonably be established and the other requirements under IAS 38 are met. Intangible assets are carried at cost less any accumulated amortizations and accumulated impairment losses.

Income taxes

Income taxes include the current taxes of the Group companies based on taxable profit for the year, together with tax adjustments for previous years and the change in deferred taxes. Income tax which relates to items recognized directly in equity is recognized directly in equity as well.

A deferred tax asset or liability has been determined for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, using the tax rates effective for future periods. The most significant temporary differences arise from tax losses carried forward, depreciation differences and intangible assets. Deferrd taxes are not accounted for the following: goodwill not deductible for taxation purposes, the initial recognition of an asset or liability in a transaction other than a business combination that affect neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that they will probably not be reversed in the foreseeable future.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The deferred tax assets and liabilities arising from consolidation are recognized in the consolidated balance sheet if it is probable that tax effects will occur.

Goodwill

Goodwill arising from acquisitions prior to 1 January 2004 has been recognized in accordance with the accounting and consolidation principles applicable at the date of acquisition. The carrying value of goodwill at 1 January 2004 has been stated at cost less accumulated amortization and impairment losses. The carrying value has been tested for impairment in accordance with the requirements of IFRS 1. Goodwill arising from acquisitions on or after 1 January 2004 has been recognized and accounted for in accordance with IFRS 3 – Business Combinations.

Goodwill is initially measured at cost. Cost is the excess of the cost of the business combination over the Group's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Subsequently goodwill is measured at cost less any accumulated impairment losses.

The carrying value of goodwill at 1 January 2004 and the cost of goodwill arising from acquisitions on or after 1 January

2004 is not amortized. Such goodwill is tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Intangible assets

Acquired intangible assets are capitalized at cost. Intangible assets acquired in business combinations are capitalized at fair value at the date of acquisition. The useful lives of the intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortized over their useful lives. Intangible assets with indefinite useful lives are tested for impairment at least annually. Intangible assets recognized by The Group in business combinations are usually customer- or technology-related and have finite useful lives. Marketing-related intangible assets are not generally recognized by Tieto because normally the value of acquired business constitutes of customer relationships, technologies and personnel (which is included in goodwill) and therefore the marketing-related intangible assets do not generally have separately recognisable fair value.

Impairment testing of goodwill

Goodwill acquired in a business combination is tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of impairment testing goodwill is allocated to cash-generating units (CGU) based on the Group's management reporting structure used for monitoring business operations. If the carrying amount of a CGU exceeds its recoverable amount an impairment loss equal to the difference is recognized.

The recoverable amount of a CGU is determined as its value in use represented by the net present value of its future cash flows.

Property, plant and equipment

Land is not depreciated. Other Fixed assets are carried at cost less accumulated depreciation. Depreciation is charged according to plan based on the estimated economic lives of the individual assets and accounted for in accordance with the straight-line method. The assets' residual useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The Group applies the following economic lives:

	Years
Buildings	25–40
Data processing equipment [1]	1–4
Other machinery and equipment	5–8
Other tangible assets	10

1) Purchases of personal computers are expensed immediately.

Leases of lessees

Lease agreements are classified as finance and operating leases. Assets procured under finance lease agreements are capitalized as fixed assets and depreciated during the estimated useful lives. The annual rents are disclosed as amortization of the finance lease liability and interest expenses. The rents for operating leases are expensed as incurred.

Leases of lessors

In accordance with the criteria set out in IFRIC 4, certain assets, mainly technical equipment, are classified as "embedded finance leases". Sales derives from these embedded finance leases are recognized at the beginning of the agreement period. The annual payments are disclosed as amortization of the finance lease loan receivable and interest income.

Financial instruments

Financial assets are classified into the following categories: loans and receivables, held-to-maturity, trading and available-for-sale.

Financial instruments are recorded initially at fair value at the value date, net of transaction costs. Usually the fair value equals amount received or paid. Loans are included in non-current and current liabilities. Interest expense and transaction costs are amortized in the income statement over the maturity of the loan using the effective interest method. Subsequent measurement of financial instruments depends on the designation of the instruments, as follows:

- Fixed deposits, principally comprising funds held with banks and other financial institutions, and short-term borrowings and overdrafts as well as long-term loans, are classified as loans and receivables and held at amortized cost. Investments in money market instruments are reported as short-term deposits under cash and cash equivalents. Of the internal loans to Swedish subsidiaries 50% are classified as a net investment in a foreign operation according to IAS 21. The unrealized foreign exchange gains and losses from the net investment are recognized directly to shareholders' equity.
- Derivatives, comprising foreign exchange forward contracts, currency options and interest rate swaps (and embedded derivatives), are classified as held for trading and valued at fair value. Foreign exchange forward contracts are valued at the market forward exchange rates and compared with contract forward rate. The fair value of interest rate swaps are calculated based on market rates. Related valuation changes are reported in financial income and expenses in the income statement and in other current payables and receivables in the balance sheet. Derivatives are used for hedging purposes only. Hedge accounting according to IAS 39 was not used in 2008.
- Investments in equity instruments, except for investments in associated companies and joint ventures, are classified as assets available-for-sale. They are measured at fair value if a fair value can be measured reliably and unrealized gains and losses are recognized to shareholders' equity. When the investment is sold, the accumulated fair value adjustment is recognized in income.
- Currently the company holds no assets in "Held to maturity" category.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of assets is impaired. Possible impairment is booked in the income statement.

Trade and other receivables

Trade and other receivables are initially measured at cost. A provision is made for doubtful receivables based on individual assessment of potential risk and recognized in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with banks and other liquid investments with a maturity of less than 3 months. Bank overdrafts are included in short-term borrowings under current liabilities.

Provisions

The provisions are recognised in accordance with the requirements of IAS 37. A provision is a liability of uncertain timing or amount, which should be recognized when the entity has a present legal or constructive obligation as a result of a past event and it is more likely than not that an outflow of economic benefits will be required to settle the obligation. An entity should also be able to make a reliable estimate of the obligation.

Employee benefits

The Group operates a number of different pension plans in accordance with national requirements and practices. The majority of the plans are classified as defined contribution plans. Payments to defined contribution plans are recognized as expenses for the period to which they relate. After payment of the contribution the Group has no further obligations in respect of such plans.

For defined benefit pension plans the liability equals the present value of the defined benefit obligation less the fair value of the plan assets adjusted for unrecognized actuarial gains and losses and unrecognized past service costs. The cost of providing pensions is computed and charged to the income statement in accordance with the requirements of IAS 19 – Employee Benefits. The corridor approach under IAS 19 is applied to actuarial gains and losses.

Share-based payments

Tieto uses as incentives stock options and rewards that can be paid either as shares or cash in its employee incentive programmes. Under IFRS 2, the services rendered by the employees as consideration for the incentives are allocated to the vesting period. The cost of such services is measured by reference to the fair value of the options at the grant date. The fair value of the amount payable to the employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities over the period in which the employees become unconditionally entitled to the payment. The liability is measured at each reporting date and at the settlement day. All changes in the fair value of the liability are recognized as personnel expenses in the income statement.

Equity, dividends and own shares

Dividends proposed by the Board of Directors are not deducted from distributable equity until approved by the shareholders at an Annual General Meeting.

When TietoEnator Corporation's own shares are repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction in equity.

Earnings per share

Earnings per share (EPS) is calculated by dividing the net profit attributable to the shareholders of the company by the weighted average number of shares in issue during the year, excluding shares purchased by TietoEnator Corporation.

Diluted earnings per share is calculated as if the warrants and options were exercised at the beginning of the period. In addition to the weighted average number of shares outstanding, the denominator includes the incremental shares obtained through the assumed exercise of the warrants and options. The assumption of exercise is not reflected in earnings per share when the exercise price of the warrants and options exceeds the average market price of the shares during the period. The warrants and options have a diluting effect only when the average market price of the share during the period exceeds the exercise price of the warrants and options.

Changes in accounting policies

During 2008, the Group made a change in accounting policies by including in the valuation of the pension liability only active members of the Skandia pension scheme in Sweden. The one-time impact EUR 1.7 million on the opening balance for the pension liability is charged against equity.

Use of estimates

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from the estimates.

Critical accounting estimates and assumptions are presented in the following disclosures:

	Note
Revenue recognition	1
Impairment of goodwill	15
Income taxes	17
Share-based payments	21
Employee benefits	22
Fair value of derivatives and other financial instruments	27

1. SEGMENT INFORMATION

Net sales by business area, EUR million (primary segment)	2008 1–12	2007 1–12	Change %
Banking & Insurance	**293**	293	0
Telecom & Media	**677**	664	2
Government, Manufacturing & Retail	**198**	184	7
Healthcare & Welfare	**167**	141	19
Forest & Energy	**180**	177	2
Processing & Network	**458**	409	12
Group elimination incl. other	**-107**	-96	12
Group total	**1 866**	1 772	5

Internal sales by business area, EUR million	2008 1–12	2007 1–12	Change %
Banking & Insurance	**12**	9	37
Telecom & Media	**19**	12	63
Government, Manufacturing & Retail	**14**	12	16
Healthcare & Welfare	**12**	10	22
Forest & Energy	**6**	5	19
Processing & Network	**59**	56	6
Group elimination incl. other	**-15**	-7	110
Group total	**107**	96	12

Country sales, EUR million (secondary segment)	2008 1–12	Change %	Share %	2007 1–12	Change %	Share %
Finland	**853**	6	46	802	7	45
Sweden	**506**	2	27	495	9	28
Germany	**146**	-4	8	152	23	9
Norway	**92**	5	5	88	8	5
Denmark	**48**	85	3	26	-49	1
Great Britain	**42**	-24	2	55	15	3
Italy	**34**	10	2	31	84	2
France	**28**	15	1	24	32	1
Netherlands	**23**	-3	1	23	-7	1
Other	**95**	22	5	78	1	4
Group total	**1 866**	5	100	1 772	8	100

Net sales by industry segment, EUR million	2008 1–12	Change %	Share %	2007 1–12	Change %	Share %
Banking and insurance	**402**	3	22	390	4	22
Public	**303**	11	16	273	-7	15
Telecom and media	**648**	0	35	650	26	37
Forest	**91**	7	5	84	-4	5
Energy	**110**	10	6	100	27	6
Manufacturing	**105**	7	6	99	11	6
Retail and logistics	**121**	36	6	89	1	5
Other	**86**	-2	5	87	-29	5
Group total	**1 866**	5	100	1 772	8	100

Operating profit (EBIT), EUR million	**2008**	2007	Change
	1–12	1–12	%
Banking & Insurance	**27.1**	-53.3	Pos
Telecom & Media	**51.9**	53.2	-2.5
Government, Manufacturing & Retail	**15.5**	-6.1	Pos
Healthcare & Welfare	**14.2**	-5.2	Pos
Forest & Energy	**12.0**	8.5	40.9
Processing & Network	**45.5**	32.8	38.9
Business areas	**166.2**	29.9	456.6
Group Operations incl. other	**-54.6**	-31.5	-73.6
Group capital gain	**0.0**	2.9	-99.9
Operating profit (EBIT)	**111.6**	1.3	8 314.4

Operating profit, EUR million excl. capital gains/ losses, impairment losses, badwill and Performance Improvement Programme related costs	**2008**	2007	Change
	1–12	1–12	%
Banking & Insurance	**29.9**	1.7	1 686.4
Telecom & Media	**61.5**	58.9	4.3
Government, Manufacturing & Retail	**19.3**	11.2	72.5
Healthcare & Welfare	**15.3**	3.2	383.0
Forest & Energy	**13.4**	13.2	1.8
Processing & Network	**50.2**	38.8	29.6
Business areas	**189.7**	126.9	49.5
Group Operations incl. other	**- 39.8**	-19.3	-106.4
Operating profit (EBIT), excl. capital gains/losses, impairment losses, badwill and Performance Improvement Programme related costs	**149.9**	107.6	39.3

Operating margin (EBIT), %	**2008**	2007	Change
	1–12	1–12	%
Banking & Insurance	**9.2**	-18.2	27.4
Telecom & Media	**7.7**	8.0	-0.3
Government, Manufacturing & Retail	**7.9**	-3.3	11.2
Healthcare & Welfare	**8.5**	-3.7	12.2
Forest & Energy	**6.6**	4.8	1.9
Processing & Network	**9.9**	8.0	1.9
Business areas	**8.9**	1.7	7.2
Operating margin (EBIT)	**6.0**	0.1	5.9

Operating margin (EBIT), % excl. capital gains/ losses, impairment losses, badwill and Performance Improvement Programme related costs	**2008**	2007	Change
	1–12	1–12	%
Banking & Insurance	**10.2**	0.6	9.6
Telecom & Media	**9.1**	8.9	0.2
Government, Manufacturing & Retail	**9.8**	6.1	3.7
Healthcare & Welfare	**9.2**	2.3	6.9
Forest & Energy	**7.5**	7.4	0.0
Processing & Network	**11.0**	9.5	1.5
Business areas	**10.2**	7.2	3.0
Operating margin (EBIT), excl. capital gains/ losses, impairment losses, badwill and Performance Improvement Programme related costs	**8.0**	6.1	2.0

Personnel by business area (primary segment)	End of period				Average	
	2008	Change	Share	2007	**2008**	2007
	1–12	%	%	1–12	**1–12**	1–12
Banking & Insurance	**2 040**	- 6	12	2 180	**2 104**	2 229
Telecom & Media	**5 791**	- 3	35	5 990	**5 871**	5 563
Government, Manufacturing & Retail	**1 449**	- 6	9	1 542	**1 478**	1 579
Healthcare & Welfare	**1 154**	4	7	1 114	**1 121**	1 095
Forest & Energy	**1 217**	- 4	7	1 274	**1 245**	1 272
Processing & Network	**2 211**	4	13	2 124	**2 159**	2 086
Software Centres	**2 112**	36	13	1 548	**1 822**	1 211
Other Group Operations	**645**	17	4	553	**598**	555
Group total	**16 618**	2	100	16 324	**16 397**	15 588

From Jan 2008, 12 persons were moved from Forest & Energy to Government, Manufacturing & Retail. Figures for 2007 have been restated. The change had minor effect on net sales and EBIT 2007 in the business areas.

Personnel by country (secondary segment)	End of period				Average	
	2008	Change	Share	2007	**2008**	2007
	1–12	%	%	1–12	**1–12**	1–12
Finland	**6 021**	- 5	36	6 357	**6 136**	6 292
Sweden	**3 291**	- 3	20	3 381	**3 323**	3 351
Czech	**1 501**	27	9	1 186	**1 358**	968
Germany	**1 143**	- 14	7	1 325	**1 226**	1 346
India	**784**	32	5	594	**652**	348
Norway	**655**	- 9	4	720	**668**	744
Latvia	**628**	14	4	551	**595**	551
Poland	**558**	42	3	393	**492**	326
Great Britain	**347**	6	2	327	**344**	321
China	**290**	134	2	124	**205**	93
Denmark	**289**	- 16	2	344	**308**	318
Italy	**251**	8	2	233	**247**	226
Lithuania	**186**	49	1	125	**156**	108
France	**143**	11	1	129	**133**	123
Netherlands	**138**	1	1	137	**135**	109
Estonia	**119**	0	1	119	**120**	113
Other	**274**	- 2	2	280	**299**	253
Group total	**16 618**	2	100	16 324	**16 397**	15 588

The personnel figures for the associated companies under the Group's management responsiblity are reported according to our holding. Personnel figures including these associated companies to 100% give a total of 16 886 (16 701) at the end of the period.

Total assets by business area, EUR million (primary segment)	**2008**	2007	Change
	31 Dec	31 Dec	%
Banking & Insurance	**178.7**	215.8	-17
Telecom & Media	**445.2** (1	485.6 (1	-8
Government, Manufacturing & Retail	**50.1**	51.2	-2
Healthcare & Welfare	**83.9**	96.0	-13
Forest & Energy	**104.9**	116.8	-10
Processing & Network	**218.6**	178.1	23
Group elimination	**-22.8** (1	-21.9 (1	4
Business areas	**1 058.6**	1 121.6	-6
Group Operations	**195.9** (1	161.1 (1	22
Total assets	**1 254.5**	1 282.7	-2

1) See next page.

Total liabilities by business area, EUR million (primary segment)	2008 31 Dec	2007 31 Dec	Change %
Banking & Insurance	**120.5**	127.6	-6
Telecom & Media	**169.2** [1]	194.3 [1]	-13
Government, Manufacturing & Retail	**39.3**	49.4	-21
Healthcare & Welfare	**40.1**	44.3	-9
Forest & Energy	**66.8**	72.2	-7
Processing & Network	**102.6**	64.4	59
Group elimination	**- 15.5**	-17.3	-10
Business areas	**523.1**	535.0	-2
Group Operations	**247.8** [1]	270.1 [1]	-8
Total liabilities	**770.9**	805.1	-4

1) Assets, EUR 10.5 million, and liabilities, EUR 5.7 million, in France have been regrouped from Group Operations to Telecom & Media. 2007 figures have been corrected accordingly (assets EUR 10.8 million and liabilities EUR 6.9 million).

Segment assets by country, EUR million (secondary segment)	2008 31 Dec	2007 31 Dec	Change %
Finland	**348.2**	348.4	0
Sweden	**287.4**	333.8	-14
Norway	**62.7**	94.7	-34
Germany	**178.9**	160.9	11
Great Britain	**35.1**	45.7	-23
Other	**146.3**	138.1	6
Business areas	**1 058.6**	1 121.6	-6

Depreciation, EUR million	2008 1–12	2007 1–12	Change %
Processing & Network	**41.8**	40.0	5
whereof Finland	34.3	34.1	0
Sweden	6.7	4.9	35
Other countries	0.8	0.9	-10
Other	**14.3**	27.2	-48
Group total	**56.0**	67.2	-17

Amortization on allocated intangible assets from acquisitions, EUR million	2008 1–12	2007 1–12	Change %
Telecom & Media	**5.8**	5.3	10
Other	**4.2**	4.5	-7
Group total	**10.0**	9.8	2

Impairment losses, EUR million	2008 1–12	2007 1–12	Change %
Banking & Insurance	**0.0**	40.0	-100
Group total	**0.0**	40.0	-100

Capital expenditure by business area, EUR million	2008 1–12	2007 1–12	Change %
Processing & Network	**63.7**	36.1	76
whereof Finland	54.8	29.7	85
Sweden	8.9	6.4	39
Other countries	0.0	0.0	-
Other	**19.5**	16.8	16
Group total	**83.2**	52.9	57

EUR million	**31 Dec 2008**	31 Dec 2007

2. OTHER OPERATING INCOME

Sales of fixed assets and shares	**0.2**	5.2
Recognition of badwill	**1.3**	-
Rental income	**1.6**	0.8
Government grants released	**2.3**	2.4
Other operating income	**5.4**	4.9
	10.8	13.3

3. OTHER OPERATING EXPENSES

Rental expenses for premises	**65.2**	64.9
Other operating expenses	**284.9**	304.6
	350.1	369.5

4. DEVELOPMENT COSTS

The income statement includes development costs EUR 56.5 million for year 2008 corresponding to 3.0% of net sales (EUR 53.7 million for year 2007 corresponding to 3.0% of net sales). The development costs for 2007 are restated due to finetuning of the definition of development.

5. EMPLOYEE BENEFIT EXPENSES

Wages and salaries	**793.7**	763.5
Pension costs – defined contribution plans	**79.2**	81.4
Pension costs – defined benefit plans	**11.3**	7.2
Other pay-related statutory social costs	**131.0**	127.5
Social costs for personnel warrants	**0.2**	0.6
Share-based payments	**5.1**	2.3
Other personnel costs	**35.5**	38.8
	1 056.0	1 021.3

Employee benefit expenses include restructuring costs and other termination benefits EUR 24.8 (18.0) million. Equity settled share-based payment transactions recognized in the income statement are based on the fair value of the instrument which is measured using the Black & Scholes option pricing model. The counter-entry to the expense entered in the income statement is retained earnings, and therefore the expense has no effect on total equity. Share-based payments include the share ownership plan costs EUR 1.4 million. The counter-entry for EUR 0.3 million is retained earnings and for EUR 1.1 million accruals.

6. MANAGEMENT REMUNERATION IN 2008

Board of Directors

According to the decision by the AGM executives are compensated in cash only.		
Monthly compensation	Chairman 5 700 EUR, Deputy Chairman EUR 3 800, member EUR 2 500, committee chairman EUR 3 800. Additionally, EUR 800 for each Board and committee meeting.	
Total cash compensation	To the Board of Directors in 2008 EUR 482 301	
Chairman of the Board	EUR 109 571 (including cash compensation of EUR 34 929 to the former Chairman of the Board)	
Deputy Chairman	EUR 85 134	
Members	EUR 287 595	
Special compensation	EUR 66 000 (special compensation to two Board members for a special assignment related to the public tender offer)	

President and CEO

Salary and benefits	EUR 1 830 738 (including paid salary and benefits to former CEO EUR 877 378)	
Bonus	EUR 371 548 (2007: EUR 0)	
Bonus principles	Maximum 100% of yearly base salary based on Group net sales and profit	
Options and warrants	2006 B option programme: right to subscribe 35 000 shares.	The fair value of these warrants amounts to EUR 165 200. (3
	2006 C option programme: right to subscribe 80 000 shares.	The fair value of these warrants amounts to EUR 610 400. (4
	Share Ownership Plan: right to 6 000 shares.	
Share-based payment costs	EUR 300 403 (including option plan and share plan costs)	
Retirement age	60	
Pension level	23% of the yearly base salary (defined contribution plan)	
Period of notice	12 months	
Severance payment	Equivalent to 12 months' salary	

Deputy CEO

Salary and benefits	EUR 742 438 (including severance payment)	
Bonus	181 531 (2007: EUR 0)	
Bonus principles	Maximum 60% of yearly base salary based on Group net sales and profit	
Options and warrants	2002 A/B option programme: right to subscribe 16 185 shares.	The fair value of these warrants amounts to EUR 162. (1
	2006 A option programme: right to subscribe 8 000 shares.	The fair value of these warrants amounts to EUR 53 040. (2
	2006 B option programme: right to subscribe 8 000 shares.	The fair value of these warrants amounts to EUR 72 240. (3
	2006 C option programme: right to subscribe 15 000 shares.	The fair value of these warrants amount to EUR 114 450. (4
	Share plan 2008: right to subscribe 3 600 shares.	
Share-based payment costs	EUR 221 350	
Retirement age	60	
Pension level	Defined contribution	
Period of notice	24 months	

Corporate Management Team

Excluding President and CEO and Deputy CEO		
Total salaries and benefits	EUR 4 068 488	
Total bonuses	EUR 730 490 (2007 EUR 157 870)	
Bonus principles	The reward factors are primarily based on EBIT and net sales. The relative weight of the reward factors is decided each year. Only improvement is rewarded.	
Options and warrants	2002 A/B option programme: right to subscribe 89 450 shares.	The fair value of these warrants amounts to EUR 895. (1
	2006 A option programme: right to subscribe 37 200 shares.	The fair value of these warrants amounts to EUR 246 636. (2
	2006 B option programme: right to subscribe 42 800 shares.	The fair value of these warrants amounts to EUR 369 244. (3
	2006 C option programme: right to subscribe 133 280 shares.	The fair value of these warrants amounts to EUR 1 016 926. (4
	Share plan 2008: right to subscribe 23 160 shares.	
Share-based payment costs	EUR 955 518	
Retirement age	According to national standards	
Pension level	Defined contribution and defined benefit arrangements	
Period of notice	Varies between 2 and 12 months	
Severance payment	0 for 11 executive members	
	1 executive: 18 months salary and pension premium corresponding to 1.5 year pension.	
There were no loans to executive management on 31 December 2007 nor on 31 December 2008.		
There are no guarantees on behalf of key management.		

1) Calculated on the basis of the fair market value of one TietoEnator 2002 A/B stock option on 30 December 2008. The quotation in NASDAQ OMX Helsinki on 30 Dec 2008 was EUR 0.01.

2) The grant value of 2006 A options is calculated with Black&Scholes Method and the value for one option is EUR 6.63 on the grant date 27 June 2006.

3) The grant value of 2006 B options is calculated with Black&Scholes Method and the value for one option is EUR 9.03 on the grant date 26 March 2007 and EUR 4.72 on the grant date 23 April 2008.

4) The grant value of 2006 C options is calculated with Black&Scholes Method and the value for one option is EUR 7.63 on the grant date 23 April 2008.

7. FINANCIAL INCOME AND EXPENSES ACCORDING TO IAS 39 CLASSIFICATION

EUR million **31 Dec 2008**	Interest income (1	Interest expenses (1	Exchange rate gains and losses	Other financial income and expenses	Total
Financial assets at fair value through profit or loss	2.1	0.0	-9.5	0.3	**-7.1**
Loans and receivables	3.3	0.0	-15.1	0.3	**-11.6**
Available-for-sale financial assets	0.0	0.0	0.0	0.0	**0.0**
Financial liabilities measured at financial cost	0.0	-12.6	3.4	-1.4	**-10.6**
Total	5.4	-12.6	-21.2	-0.8	**-29.2**
EUR million 31 Dec 2007					
Financial assets at fair value through profit or loss	0.0	-1.6	9.7	0.0	8.1
Loans and receivables	4.0	0.0	-10.4	0.8	-5.6
Available-for-sale financial assets	0.0	0.0	0.0	0.0	0.0
Financial liabilities measured at financial cost	0.0	-11.4	0.0	-1.0	-12.4
Total	4.0	-13.0	-0.7	-0.2	-9.9

1) Include the financial income and expenses from the interest rate swap used for hedging the interest rate risk.
As IAS 39 hedge accounting is not used, the fair value changes and interest income and expenses are booked in income statement.

Exchange rate gains and losses included in the operating profit were EUR 1.4 million in 2008 (EUR -1.3 million in 2007).

The comparable figures for 2007 have been regrouped.

EUR million	**1 Jan– 31 Dec 2008**	1 Jan–31 Dec 2007

8. INCOME TAXES

Current taxes	**14.4**	10.0
Change of deferred taxes	**9.4**	9.6
Taxes for prior years	**-1.9**	3.0
Total taxes in income statement	**21.9**	22.6

Income Tax Reconciliation, EUR million		
Profit before taxes	**82.4**	-8.6
Tax calculated at the domestic corporation tax rate of 26%	**21.4**	-2.2
Effect of different tax rates in foreign subsidiaries	**-0.5**	6.6
Taxes for prior years	**-1.9**	3.0
Income not subject to tax	**2.2**	-0.6
Expenses not deductible for tax purposes	**2.4**	3.0
Impairment of goodwill	**-**	10.4
Unrecognized tax losses for the period	**1.7**	8.1
Utilization of previously unrecognized tax losses	**-1.3**	-0.1
Recognized previously unrecognized tax losses	**-1.3**	-
Deferred tax resulting from change of tax rate	**0.1**	1.3
Other items	**-0.9**	1.7
Income Taxes in the Consolidated Income Statement	**21.9**	22.6
Effective tax rate	**26.6**	not meaningful

In 2004, a deferred tax asset arose from the loss incurred in the Parent company related to an intra-group transaction carried out in April 2004, of which the remaining deferred tax asset amounted to EUR 20.9 million at the end of 2008 (EUR 23.8 million at the end of 2007). The rest of this deferred tax asset is expected to be utilized by the end of 2010.

EUR million	1 Jan–31 Dec 2008	1 Jan–31 Dec 2007

9. EARNINGS PER SHARE

Net profit for the period attributable		
to the shareholders of the Parent company, EUR million	**60.5**	-32.3
Earnings per share, EUR		
Basic	**0.83**	-0.44
Diluted	**0.83**	-0.44
Number of shares during the year, 1 000 shares		
Basic		
Weighted average shares	**71 662**	72 941
Effect of dilutive stock options and shares	**77**	0
Diluted		
Adjusted weighted average shares and assumed conversions	**71 739**	72 941

Under IAS 33, basic earnings per share is computed using the weighted average number of shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of shares outstanding during the period plus the dilutive effect of stock options and shares.

EUR million	Note	31 Dec 2008	31 Dec 2007

10. INTANGIBLE ASSETS

Goodwill			
At 1 Jan, net of accumulated impairment		**415.7**	448.4
Increases		**7.3**	-
Decreases		**-**	-7.6
Acquisitions through business combinations		**-**	24.8
Impairment		**-**	-40.0
Exchange difference		**-33.7**	-9.9
At 31 Dec, net of accumulated impairment		**389.3**	415.7
At 1 Jan			
Cost		**455.7**	448.4
Accumulated impairment		**-40.0**	-
Net carrying amount		**415.7**	448.4
At 31 Dec			
Cost		**389.3**	455.7
Accumulated impairment		**-**	-40.0
Net carrying amount		**389.3**	415.7
Capitalized development costs			
At 1 Jan, net of accumulated amortization		**2.7**	5.1
Increases		**1.4**	2.6
Exchange difference		**0.0**	-0.4
Amortization in the period		**-1.0**	-4.6
At 31 Dec, net of accumulated amortization		**3.1**	2.7
At 1 Jan			
Cost		**2.8**	5.6
Accumulated amortization		**-0.1**	-0.5
Net carrying amount		**2.7**	5.1
At 31 Dec			
Cost		**3.7**	2.8
Accumulated amortization		**-0.6**	-0.1
Net carrying amount		**3.1**	2.7

EUR million	Note	**31 Dec 2008**	31 Dec 2007
Other capitalized expenditure			
At 1 Jan, net of accumulated amortization		**3.9**	5.0
Increases		**2.5**	0.7
Decreases		**-0.3**	-0.2
Exchange difference		**0.0**	0.0
Amortization in the period		**-1.6**	-1.6
At 31 Dec, net of accumulated amortization		**4.5**	3.9
At 1 Jan			
Cost		**13.8**	13.2
Accumulated amortization		**-9.9**	-8.2
Net carrying amount		**3.9**	5.0
At 31 Dec			
Cost		**14.5**	13.8
Accumulated amortization		**-10.0**	-9.9
Net carrying amount		**4.5**	3.9
Intangible rights			
At 1 Jan, net of accumulated amortization		**59.8**	72.5
Increases		**8.2**	8.4
Decreases		**-1.4**	-2.1
Acquisitions through business combinations	14	**0.6**	9.3
Exchange difference		**-4.7**	-1.8
Amortization in the period		**-18.2**	-26.5
At 31 Dec, net of accumulated amortization		**44.3**	59.8
At 1 Jan			
Cost		**136.8**	140.8
Accumulated amortization		**-77.0**	-68.3
Net carrying amount		**59.8**	72.5
At 31 Dec			
Cost		**134.0**	136.8
Accumulated amortization		**-89.7**	-77.0
Net carrying amount		**44.3**	59.8
Advance payments, intangibles			
At 1 Jan, net of accumulated amortization		**0.0**	0.0
Increases		**1.6**	-
Transfers		**-0.4**	-
At 31 Dec		**1.2**	0.0
Net carrying amount of intangible assets, total 31 Dec		**442.4**	482.1

Amortization of capitalized developement costs consists of impairment in 2007. Amortization of intangible rights include in 2007 impairment of EUR 3.1 million relating to the early termination of an IT purchase contract.

EUR million	Note	31 Dec 2008	31 Dec 2007
11. PROPERTY. PLANT AND EQUIPMENT			
Land			
At 1 Jan		**0.1**	0.8
Increases		**-**	-
Decreases		**-**	-0.7
At 31 Dec		**0.1**	0.1
At 1 Jan			
Cost		**0.1**	0.8
Net carrying amount		**0.1**	0.8
At 31 Dec			
Cost		**0.1**	0.1
Net carrying amount		**0.1**	0.1
Buildings and structures			
At 1 Jan, net of accumulated depreciation		**0.3**	5.7
Increases		**0.2**	0.0
Decreases		**-**	-5.4
Depreciation in the period		**-0.1**	0.0
Exchange difference		**0.0**	0.0
At 31 Dec, net of accumulated depreciation		**0.4**	0.3
At 1 Jan			
Cost		**2.8**	8.6
Accumulated depreciation		**-2.5**	-2.9
Net carrying amount		**0.3**	5.7
At 31 Dec			
Cost		**1.9**	2.8
Accumulated depreciation		**-1.5**	-2.5
Net carrying amount		**0.4**	0.3
Machinery and equipment			
At 1 Jan, net of accumulated depreciation		**67.5**	60.2
Increases		**50.2**	43.2
Decreases		**-4.6**	-2.5
Acquisitions through business combinations	14	**1.8**	0.5
Depreciation in the period		**-38.0**	-32.9
Exchange difference		**-0.5**	-1.0
At 31 Dec, net of accumulated depreciation		**76.4**	67.5
At 1 Jan			
Cost		**261.4**	249.4
Accumulated depreciation		**-193.9**	-189.2
Net carrying amount		**67.5**	60.2
At 31 Dec			
Cost		**298.5**	261.4
Accumulated depreciation		**-222.1**	-193.9
Net carrying amount		**76.4**	67.5

EUR million	Note	31 Dec 2008	31 Dec 2007
Capitalized finance leases			
At 1 Jan, net of accumulated depreciation		**4.9**	16.7
Increases		**16.7**	0.6
Decreases		**-**	-1.3
Depreciation in the period		**-6.5**	-11.1
Exchange difference		**-**	0.0
At 31 Dec, net of accumulated depreciation		**15.1**	4.9
At 1 Jan			
Cost		**36.6**	37.4
Accumulated depreciation		**-31.7**	-20.7
Net carrying amount		**4.9**	16.7
At 31 Dec			
Cost		**51.5**	36.6
Accumulated depreciation		**-36.4**	-31.7
Net carrying amount		**15.1**	4.9
Other tangible assets			
At 1 Jan, net of accumulated depreciation		**1.9**	0.9
Increases		**4.5**	0.8
Decreases		**-0.3**	-0.1
Acquisitions through business combinations		**-**	0.6
Depreciation in the period		**-0.7**	-0.3
Exchange difference		**-0.4**	0.0
At 31 Dec, net of accumulated depreciation		**5.0**	1.9
At 1 Jan			
Cost		**3.4**	2.2
Accumulated depreciation		**-1.5**	-1.3
Net carrying amount		**1.9**	0.9
At 31 Dec			
Cost		**7.3**	3.4
Accumulated depreciation		**-2.3**	-1.5
Net carrying amount		**5.0**	1.9
Advance payments and work in progress			
At 1 Jan		**2.1**	3.6
Increases		**3.4**	1.8
Transfers		**-2.0**	-3.3
At 31 Dec		**3.5**	2.1
Net carrying amount of tangible assets, total 31 Dec		**100.5**	76.8

Depreciation of leased machinery and equipment includes in year 2007 impairment of EUR 4.2 million relating to the early termination of an IT purchase contract. Due to the termination finance lease liabilities were reversed by EUR 0.9 million resulting in the net impact on operating profit of EUR 3.3 million.

EUR million	**31 Dec 2008**	31 Dec 2007

12. INVESTMENTS IN ASSOCIATED COMPANIES

At 1 Jan	**1.6**	2.3
Share of the profit or losses	**0.0**	0.1
Dividends received	**-0.4**	-0.5
Increase	**-**	-
Decrease	**-1.2**	-0.3
Exchange rate differences	**-**	-
At 31 Dec	**0.0**	1.6

In 2008, TietoEnator Corporation bought 30% of the shares of FD Finanssidata Oy.
FD Finanssidata Oy is now consolidated as joint venture. See Note 16.

Summarized financial information of TietoEnator Corporation's principal associates, all of which are unlisted, were as follows:

	Assets	Liabilities	Net sales	Profit/(Loss)
2008	**-**	**-**	**-**	**-**
2007	10.2	4.7	35.6	0.4

	Country of incorporation	% interest held
2008		
-	**-**	**-**
2007		
FD Finanssidata Oy	Finland	30%

EUR million	**31 Dec 2008 Book value**

13. OTHER NON-CURRENT ASSETS

Other shares and securities owned by the parent company

LifeIT Oyj	**0.1**
Right of residence Almen 10, Solna	**0.1**
Tapiolan Monitoimiareena Oy	**0.1**
Other shares and securities	**0.1**
	0.4

Other shares and securities owned by subsidiaries

Fimecc Oy	**0.1**
Residence in France	**0.2**
Right of residences in Stockholm	**0.4**
Right of residences in Åre	**0.1**
Vierumäen Kuntorinne Oy	**0.1**
Other shares and securities	**0.2**
	1.1

14. BUSINESS COMBINATIONS

Acquisitions in 2008

Tieto made the following acquisitions during 2008 which are all individually considered immaterial.

- The entire share capital of Primasoft Oy, a joint venture previously owned by Tieto (60%) and other parties (40%), effective April 2008.
- 30% of FD Finanssidata Oy, an associated company previously owned by Tieto 30%, effective June 2008.

The total cost of the combinations was EUR 6.0 million and contributed with a net cash income EUR 3.9 million as the net cash acquired in the business combinations was EUR 7.7 million and the cash paid EUR 3.8 million.

The badwill EUR 1.3 million arising from the acquisition of Primasoft Oy has been recognized in the income statement.

15. IMPAIRMENT TESTING OF GOODWILL

General principles

Goodwill acquired in business combinations is allocated to cash-generating units (CGU) based on the Group's management reporting structure used for monitoring business operations. The CGUs are further allocated to their respective primary segments determined and disclosed in accordance with IAS 14. Each segment contains one or more CGUs.

The recoverable amounts of all CGUs are determined based on value-in-use calculations. The cash flow projections covering the initial three-year period have been based on financial forecasts approved by senior management supported by industry growth forecasts obtained from external sources. The growth rate used to extrapolate the cash flows for the subsequent two-year period is 2–10%, which reflects the management's estimate of the industry's long-term average growth rate. Subsequent to the five-year projection period expectations of growth in real terms are not included in the cash flow projections.

Forecasted profit margins are based on actual performance in prior years adjusted for expected efficiency improvements.

The discount rate applied to cash flow projections is the weighted average pre-tax cost of capital. The discount rate is based on the weighted average of 10-year government bond rates in the countries where the CGUs operate. The bond rates are adjusted for the general market risk and the business risk of the separate service lines included in the CGUs. The pre-tax discount rates for the CGUs vary between 8% and 15%.

Carrying amount of goodwill allocated to CGUs and segments

The total goodwill at 31 December 2008 was EUR 389.3 million. The decrease compared to 31 December 2007 is EUR 26.4 million.

CGU Banking & Insurance Solutions contain goodwill that may be considered significant in comparison with the Group's total carrying amount of goodwill.

Banking & Insurance solutions, consulting and system integration is a business operation providing financial, banking and payment solutions and related services to selected customers in its market segment. The carrying amount of goodwill allocated to the CGU at 31 December 2008 was EUR 58.3 million. The recoverable amount of the CGU has been calculated in accordance with the general principles described above. The growth rate for the initial three-year period varies between 2% and 5% and EBITDA margin between 7% and 8%. The growth rate used to extrapolate the cash flows subsequent to the initial three-year period is 8%. The discount rate applied to the cash flow projections is 13.3%.

As a result of the impairment testing no impairment was identified. If the revised estimated growth or EBITDA margin in the Banking & Insurance CGU above during the initial three-year period was 10% lower than management's estimates at 31 December 2008, no impairment losses would have been recognized. No impairment losses would have been recognized either if the revised estimated pre-tax discount rate applied to the discounted cash flows was 10% higher than management's estimates.

The carrying amounts of the goodwill at 31 December 2008 allocated to the CGUs are disclosed by segment below:

Carrying amount of goodwill	EUR million
Banking & Insurance	74.0
Telecom & Media	191.7
Other segments	123.6
Total	389.3

EUR million	**31 Dec 2008**	31 Dec 2007

16. INTEREST IN JOINT VENTURES

Share of the assets, liabilities, net sales and expenses of the joint ventures are as follows at 31 Dec:

EUR million	31 Dec 2008	31 Dec 2007
Current assets	**45.8**	65.2
Non-current assets	**4.6**	2.9
	50.4	68.1
Current liabilities	**25.9**	41.4
Non-current liabilities	**0.9**	0.9
	26.8	42.3
Net sales	**140.6**	140.2
Expenses	**-123.3**	-123.9
Financial income and expenses	**0.7**	0.7
Profit before income tax	**18.0**	17.0
Income tax expense	**-4.7**	-4.4
Net profit	**13.3**	12.6

Joint ventures at 31 Dec 2008

	Number	Share %	Voting right %	Business Area	Book value EUR million
Fidenta Oy	8 000	80.0	40.0	Banking & Insurance	**1.1**
FD Finanssidata Oy	60 000	60.0	42.9	Processing & Network	**2.0**
TietoEnator Esy Oy	7 300	80.0	34.0	Banking & Insurance	**2.6**
TietoIlmarinen Oy	3 570	70.0	30.0	Banking & Insurance	**1.8**
Tietokarhu Oy	8 000	80.0	20.0	Government, Manufacturing & Retail	**0.3**
TietoSaab Systems Oy	60 000	60.0	60.0	Government, Manufacturing & Retail	**0.9**
TKP Tieto Oy	1 200	80.0	47.1	Banking & Insurance	**4.1**
					12.8

TietoEnator Corporation holds interest in companies for which it has assumed management responsibility and which are jointly controlled.

17. DEFERRED TAXES

Changes in deferred tax assets and liabilities during 2008:	1 Jan 2008	Charged to Income Statement	Charged in equity	Acquisitions and disposals	Other changes	**31 Dec 2008**
Deferred tax asset						
Restructuring costs	2.5	-0.7	-	0.1	-	**1.9**
Other provisions	1.0	-0.1	-	-	-	**0.9**
Employee benefits	7.0	-1.3	-0.7	-	-	**5.0**
Depreciation difference	18.0	-0.8	-	0.4	-0.4	**17.2**
Finance lease	0.3	-	-	-	-0.3	**0.0**
Other temporary difference	4.1	6.2	-	-	-0.1	**10.2**
Tax losses carried forward	33.5	-4.8	3.1	-	0.8	**32.6**
Total	66.4	-1.5	2.4	0.5	0.0	**67.8**
Deferred tax liability						
Intangible assets	20.9	0.3	-	-	-1.0	**20.2**
Finance Lease	1.0	-0.6	-	-	-	**0.4**
Other temporary difference	1.5	8.2	-	-	-1.1	**8.6**
Total	23.4	7.9	0.0	0.0	-2.1	**29.2**
Net deferred tax asset	43.0	-9.4	2.4	0.5	2.1	**38.6**

Changes in deferred tax assets and liabilities during 2007:	1 Jan 2007	Charged to Income Statement	Charged in equity	Acquisitions and disposals	Other changes	**31 Dec 2007**
Deferred tax asset						
Restructuring costs	-	2.5	-	-	-	**2.5**
Other provisions	0.3	0.7	-	-	-	**1.0**
Employee benefits	6.3	0.1	-	-	0.6	**7.0**
Depreciation difference	22.1	-4.3	-	-	0.2	**18.0**
Finance lease	1.1	-0.8	-	-	-	**0.3**
Other temporary difference	5.3	-3.0	-	-	1.8	**4.1**
Tax losses carried forward	40.1	-5.5	-	-	-1.1	**33.5**
Total	75.2	-10.3	-	-	1.5	**66.4**
Deferred tax liability						
Depreciation difference	1.4	-1.2	-	-	-0.2	**-**
Intangible assets	18.1	-0.7	-	2.3	1.2	**20.9**
Employee benefits	-	1.0	-	-	-	**1.0**
Appropriations	0.5	-	-	-	-0.5	**-**
Other temporary difference	-	0.1	-	-	1.4	**1.5**
Total	20.0	-0.8	-	2.3	1.9	**23.4**
Net deferred tax asset	55.2	-9.5	-	-2.3	-0.4	**43.0**

At 31 December 2008, the Group had deferred tax assets on recognized tax losses carry forward totalling EUR 32.6 million (EUR 33.5 million in 2007) of which EUR 8.0 million had no expiry date and EUR 0.3 million expire during the years 2009–2013 and the remainder expire thereafter.

At 31 December 2008, the Group had deferred tax assets on tax losses carry forward totalling EUR 11.7 million (EUR 12.6 million in 2007) which were not recognized due to uncertainty of utilization.

The Group does not provide for deferred taxes on undistributed earnings of subsidiaries to the extent such earnings are intended to be permanently reinvested in those companies or if such earnings may be transferred to the Parent company without any tax consequences. The aggregate amount of temporary differences associated with investments in subsidiaries and joint ventures, for which deferred tax liablities have not been recognized, is insignificant.

EUR million	31 Dec 2008	31 Dec 2007

18. TRADE AND OTHER RECEIVABLES

Trade receivables	**357.7**	391.2
Prepaid expenses and accrued income		
Unbilled earned net sales	**69.4**	86.3
Licence fees	**22.6**	17.5
Rents	**3.1**	4.4
Social costs	**5.0**	2.7
Accrued interest income	**0.0**	0.1
Mainframe computer costs	**-**	3.3
Prepaid value added tax	**0.0**	20.3
Other prepaid expenses	**12.9**	13.5
Pension benefit asset	**1.2**	1.4
Other	**26.6**	19.5
	498.5	560.2

Aging and provision of doubtful trade receivables

Not past due	**278.3**	290.9
Past due 1–30 days	**61.4**	74.1
Past due 31–60 days	**13.7**	14.9
Past due 61–90 days	**5.1**	7.3
Past due 91–180 days	**3.3**	6.7
Past due 180– days	**2.7**	3.5
Provision for doubtful receivables	**-6.8**	-6.2
	357.7	391.2

19. CASH AND CASH EQUIVALENTS

Cash in hand and at bank	**34.6**	31.8
Short-term deposits	**85.7**	41.1
Cash and cash equivalents	**120.2**	72.9

Short-term deposits with maturities up to and including three months.
Cash and cash equivalents are carried at nominal value, which corresponds to their fair value.

EUR million	Number of shares	Share capital	Share issue premiums and other reserves	Total

20. ISSUED CAPITAL AND RESERVES

1 Jan 2007	75 841 462	75.8	68.8	144.6
Translation difference			-2.7	-2.7
Exercise of share options	61	0.0	0.0	0.0
Cancellation of own shares	-1 883 350		0.0	0.0
Transfer from/to retained earnings			-26.5	-26.5
31 Dec 2007	73 958 173	75.8	39.6	115.4
Translation difference			-4.2	-4.2
Cancellation of own shares	-1 935 000		0.0	0.0
Transfer from/to retained earnings			-2.2	-2.2
31 Dec 2008	72 023 173	75.8	33.2	109.0

21. STOCK OPTIONS AND SHARE INCENTIVES

TietoEnator 2002 Stock Options

2002 A/B Stock Options

Initial number of stock options		1 410 270 (1
Number of stock options outstanding on	31 December 2007	1 333 209
Number of stock options forfeited during the year		0
Number of stock options exercised during the year		0
Number of stock options expired during the year		0
Total number of stock options outstanding on	31 December 2008	1 333 209
Number of stock options held by TietoEnator Corporation on	31 December 2008	0
Total number of stock options exercisable on	31 December 2008	1 333 209

Share subscription period	1 December 2006–30 June 2009
Share subscription terms	1 share in exchange for 1 stock option The share subscription price is EUR 27.73. The amount of the dividend decided after February 28, 2002 but before the share subscription will be deducted from the share subscription price of stock options as per the dividend record date. At the end of 2008, the share subscription price was EUR 21.68.

1) TietoEnator 2002 A and 2002 B Stock Options merged into 2002 A/B Options on 12 December 2006.

TietoEnator 2006 Stock Options

2006 A Stock Options

Initial number of stock options		600 000
Number of stock options outstanding on	31 December 2007	460 550
Number of stock options granted during the year		0
Number of stock options forfeited during the year		45 700
Number of stock options annulled during the year		0
Number of stock options exercised during the year		0
Number of stock options expired during the year		0
Number of stock options converted during the year		140 750 (2
Total number of stock options outstanding on	31 December 2008	414 850
Number of stock options held by TietoEnator Corporation on	31 December 2008	44 400
Total number of stock options exercisable on	31 December 2008	0

Share subscription period	1 March 2009–31 March 2011
Share subscription terms	1 share in exchange for 1 stock option The share subscription price is EUR 29.72. (1 The amount of the dividend decided after the beginning of the share subscription price determination period but before the share subscription will be deducted from the share subscription price of stock options as per the dividend record date. At the end of 2008, the share subscription price was EUR 28.02.

1) For Stock Option 2006A, the share subscription price is the trade volume weighted average quotation of the TietoEnator share, rounded off to the nearest cent, on NASDAQ OMX Helsinki during the two month period immediately following the announcement day of the financial statements for 2005.

2) The Board of TietoEnator Corporation decided on 5 February 2008 to convert 2006 A stock options into 2006 C stock options.

2006 B Stock Options

Initial number of stock options		600 000
Number of stock options outstanding on	31 December 2007	546 800
Number of stock options granted during the year		39 000
Number of stock options forfeited during the year		46 450
Number of stock options annulled during the year		0
Number of stock options exercised during the year		0
Number of stock options expired during the year		0
Number of stock options converted during the year		12 700 (2
Total number of stock options outstanding on	31 December 2008	539 350
Number of stock options held by TietoEnator Corporation on	31 December 2008	47 950
Total number of stock options exercisable on	31 December 2008	0

Share subscription period	1 March 2010–31 March 2012
Share subscription terms	1 share in exchange for 1 stock option The share subscription price is EUR 21.49. [1] The amount of the dividend decided after the beginning of the share subscription price determination period but before the share subscription will be deducted from the share subscription price of stock options as per the dividend record date. At the end of 2008, the share subscription price was EUR 19.79.

1) For Stock Option 2006B, the share subscription price is the trade volume weighted average quotation of the company's share, rounded off to the nearest cent, on NASDAQ OMX Helsinki during the two month period immediately following the announcement day of the financial statements for the year 2006.

2) The Board of TietoEnator Corporation decided on 5 February 2008 to convert 2006 B stock options into 2006 C stock options.

2006 C Stock Options

Initial number of stock options		600 000
Number of stock options outstanding on	31 December 2007	0
Number of stock options granted during the year		718 300
Number of stock options forfeited during the year		11 800
Number of stock options annulled during the year		0
Number of stock options exercised during the year		0
Number of stock options expired during the year		0
Number of stock options converted during the year		153 450 [2]
Total number of stock options outstanding on	31 December 2008	706 500
Number of stock options held by TietoEnator Corporation on	31 December 2008	46 950
Total number of stock options exercisable on	31 December 2008	0

Share subscription period	1 March 2011–31 March 2013
Share subscription terms	1 share in exchange for 1 stock option The share subscription price is EUR 13.36. [1] The amount of the dividend decided after the beginning of the share subscription price determination period but before the share subscription will be deducted from the share subscription price of stock options as per the dividend record date. At the end of 2008, the share subscription price was EUR 13.36.

1) For Stock Option 2006C, the share subscription price is the trade volume weighted average quotation of the TietoEnator share, rounded off to the nearest cent, on NASDAQ OMX Helsinki during the two month period immediately following the announcement day of the financial statements for 2007.

2) The Board of TietoEnator Corporation decided on 5 February 2008 to convert 2006 A and B stock options into 2006 C stock options.

Information related to stock options during 2003– 2008

		Number of shares	Weighted average exercise price
Shares under option at	31 December 2003	5 605 509	45.0
Granted		491 400	25.2
Exercised		0	0.0
Forfeited		9 260	25.2
Expired		175 874	29.5
Shares under option at	31 December 2004	5 911 775	43.8
Granted		476 700	24.2
Exercised		1 950	24.2
Forfeited		15 320	24.2
Expired		1 958 440	36.3
Shares under option at	31 December 2005	4 412 765	44.8
Granted		487 900	29.7
Exercised		1 250	23.4
Forfeited		78 300	23.5
Expired		3 028 245	54.5
Shares under option at	31 December 2006	1 817 870	25.1
Granted		564 800	20.3
Exercised		61	22.2
Forfeited		42 050	25.0
Expired		0	0.0
Shares under option at	31 December 2007	2 340 559	23.0
Granted		757 300	13.7
Exercised		0	0.0
Forfeited		103 950	22.7
Expired		0	0.0
Shares under option at	31 December 2008	2 993 909	20.3

The options outstanding by range of exercise prices at 31 December 2008

	Options outstanding			Vested options outstanding	
Exercise price, EUR	**Number of shares**	**Weighted average remaining contractual life in years**	**Weighted average exercise price, EUR**	**Number of shares**	**Weighted average exercise price, EUR**
13.36–28.02	2 993 909	2.1	20.25	1 333 209	21.68

Assumptions made in determining the fair value of the stock options

The fair grant value of the stock options has been determined using the Black & Scholes Method. The volatility used in determining the value of the 2006 options is calculated on the basis of the actual volatility for the period prior to grant equalling the length of the contractual life time of the options. For 2002 options, the volatility is the average volatility for the period of 12 months prior to grant. The risk-free interest rate is the average continuously compounded yield on a government benchmark bond with equal time to maturity as stock options on the grant date.

The fair values for the 2002 and 2006 stock options have been calculated on the basis of following weighted average assumptions:

	2008	**2008** (1	2007	2006	2005	2004	2003
Subscription price of the underlying share	**13.36**	**19.79**	20.29	29.72	24.23	25.73	26.23
Fair market value of the underlying share	**16.74**	**16.74**	21.72	22.60	24.67	24.89	14.63
Expected volatility, %	**34.8**	**36.7**	37.2	38.4	30.0	30.0	30.0
Risk-free interest, %	**4.0**	**4.1**	4.0	3.8	3.0	3.0	3.0
Expected contractual life in years	**4.9**	**3.9**	5.0	4.8	4.0	5.2	6.2
Expected dividends, %	**0.0**	**0.0**	0.0	0.0	0.0	0.0	0.0

The weighted average grant date fair value of the stock options was EUR 7.63 and to extra allocation EUR 4.72 in 2008, EUR 9.03 in 2007, EUR 6.63 in 2006, EUR 8.48 in 2005, EUR 7.73 in 2004 and EUR 2.11 in 2003.

1) Extra allocation 2006B.

Share-based incentive plan

Maximum number of shares per 31 December 2008	77 560
Fair value per share	EUR 15.14

Expected dividends are taken into account in determining the fair value on the date of the grant.
The expected dividends are estimated according to analyst forecasts.

Share-based incentives

TietoEnator share ownership plan 2006–2008

In December 2005, the Board of Directors approved a share-based incentive plan for the company's key employees. Incentive rewards can be paid either as shares or in cash during the years 2007–2009. The cash payment covers taxes and tax-related costs. The share part of the programme has a maximum scope of 200 000 shares for the whole three-year period. The allocated amount of rewards each year is dependent on reaching financial performance targets that are set by the Board of Directors annually. The financial target for the earning period 2008 was based on the Group's earnings per share (EPS).

TietoEnator share ownership plan 2009–2011

The Board of Directors approved on 18 December 2008 a new share-based incentive plan (Performance Share Plan 2009–2011) to be offered to the President and CEO and other members of the Leadership Team. The plan includes one three-year earning period, which will begin on 1 January 2009 and will end on 31 December 2011. The potential reward from the plan is based on Tieto's earnings per share (EPS) in 2011. The rewards to be paid on the basis of the plan will correspond to a maximum of 540 000 shares, and the participants shall receive cash compensation for accumulated dividends on the shares during 2009–2011. The amount of reward will be determined and paid on the basis of the achievement of EPS target after the financial statements have been prepared before the end of April 2012. No new shares will be issued in connection with the plan and therefore the plan will have no diluting effect.

The Board of Directors decided on 18 December 2008 to continue preparations to launch an option plan for Tieto's key personnel to be proposed for the next Annual General Meeting of the company.

The volume weighted average price of the company's share in 2008 was EUR 13.47 on NASDAQ OMX Helsinki, which was lower than the exercise price of the 2002 A/B option programme, EUR 21.68.

EUR million	**31 Dec 2008**	31 Dec 2007
22. PENSION PLANS		
Pension benefit plans		
Defined benefit obligation	**123.7**	156.4
Fair value of plan assets	**-87.6**	-132.9
Pension obligations less plan assets	**36.1**	23.5
Unrecognized past service cost	**0.0**	0.0
Unrecognized net acturial gains/losses	**-21.7**	-6.2
Provisions for pension benefit obligations	**14.4**	17.3
Pension contribution plans		
Other pension commitments		
Sweden	**0.7**	0.9
Finland	**2.1**	3.8
Provisions for pension contribution obligations	**2.8**	4.7
Total provisions for pension obligations	**17.2**	22.0
Pension benefit plans amounts recognized in profit and loss		
Current service cost	**7.6**	7.2
Interest cost	**5.5**	6.2
Expected return on plan assets	**-4.0**	-6.1
Gains and losses on curtailments and settlements	**0.3**	0.0
Amortization of acturial gains/losses	**1.9**	-0.1
Pension expenses	**11.3**	7.2
Actual return on plan assets	**-8.5**	-3.5
Amounts recognized in balance sheet		
Present value of pension obligations		
Opening balance	**156.4**	147.1
Current service cost	**7.6**	7.2
Interest cost	**5.5**	6.2
Benefits paid	**-1.2**	-1.1
Operations acquired/divested	**0.0**	0.0
Curtailment and settlement	**-5.1**	2.1
Actuarial gains/losses	**1.9**	-3.3
Changes in valuation of opening balance	**-26.7**	0.0
Exchange rate difference	**-14.7**	-1.8
Closing balance	**123.7**	156.4
Plan assets		
Opening balance	**132.9**	106.1
Expected return on plan assets	**4.0**	6.1
Contribution to pension fund	**10.8**	28.4
Curtailment and settlement	**-3.8**	4.0
Operations acquired/divested	**0.0**	0.0
Actuarial gains/losses	**-12.5**	-9.6
Changes in valuation of opening balance	**-25.7**	0.0
Other	**-4.6**	0.0
Exchange rate difference	**-13.5**	-2.1
Closing balance	**87.6**	132.9

EUR million	31 Dec 2008	31 Dec 2007
Actuarial gains/losses		
Opening balance. actuarial gains/losses	**-6.2**	1.3
Actuarial gains/losses	**-14.7**	-7.0
Changes in valuation of opening balance	**-1.1**	0.0
Exchange rate difference	**0.3**	-0.5
Closing balance	**-21.7**	-6.2
Actuarial calculation assumptions		
Discount rate	**3.9–5.8**	4.0–5.4
Expected return on plan assets	**4.0–6.3**	4.5–5.8
Salary increase	**1.0–4.5**	1.0–4.3
Base amount increase	**2.0–4.3**	2.0–4.3
Price inflation	**1.8–2.0**	1.8–2.0

The ITP pension plans operated by Alecta in Sweden are multi-employer defined benefit pension plans. It has not been possible to get sufficient information for the calculation of obligations and assets by employer from Alecta, and therefore this plan has been accounted for as a defined contribution plan in the financial statements.

EUR million	31 Dec 2008	31 Dec 2007
23. PROVISIONS		
Provisions for restructuring		
At 1 Jan	**19.1**	1.7
New provision	**25.0**	19.5
Use of provision	**-25.1**	-2.1
Reversal of provision	**0.0**	0.0
At 31 Dec	**19.0**	19.1
Provisions for loss-making contracts		
At 1 Jan	**16.1**	0.2
New provision	**11.2**	16.1
Use of provision	**-14.6**	-0.2
Reversal of provision	**-4.3**	0.0
At 31 Dec	**8.4**	16.1
Other provisions		
At 1 Jan	**0.7**	1.5
New provision	**0.6**	0.1
Use of provision	**-0.1**	-0.9
Reversal of provision	**0.0**	0.0
At 31 Dec	**1.2**	0.7

EUR million	**31 Dec 2008**	31 Dec 2007

24. FINANCE LEASES

Finance lease receivables

Amortization periods of finance lease gross receivables		
Within one year	**3.8**	6.8
Between one and five years	**3.4**	6.4
After five years	**0.0**	-
Gross investment	**7.2**	13.2
Unearned future finance income	**0.2**	2.0
Net investment	**7.0**	11.2

Present value of minimum lease payment receivables		
Within one year	**5.2**	6.5
Between one and five years	**4.4**	4.7
After five years	**-**	-
Net investment	**9.6**	11.2

Finance lease liabilities

Future minimum lease payments and their present value under finance lease agreements were as follows:

Finance lease future payments		
Within one year	**5.9**	0.4
Between one and five years	**9.9**	0.8
After five years	**0.2**	0.3
	16.0	1.5

Present value of future minimum lease payments		
Within one year	**5.2**	0.4
Between one and five years	**9.1**	0.7
After five years	**0.2**	0.3
	14.5	1.4

Future interest charge	**1.5**	0.1

Tieto has finance leases for computers and other IT equipment. Certain leases include purchase options. Renewals are subject to separate negotiations. Interest rates of financial lease liabilities as of 31 Dec 2008 were between 4.4–7.2%.

EUR million	**31 Dec 2008**	31 Dec 2007

25. INTEREST-BEARING LOANS AND BORROWINGS

Long-term		
Bank loans	**0.0**	0.4
Bonds	**149.9**	149.8
Other loans	**0.1**	0.2
Finance lease liabilities	**9.3**	1.0
	159.3	151.4

Short-term		
Bank loans	**58.7**	0.2
Finance lease liabilities	**5.2**	0.4
Commercial papers	**3.0**	96.1
Other loans	**5.0**	0.6
	72.0	97.3

26. TRADE AND OTHER PAYABLES

Trade payables	**91.7**	66.9
Advances received and deferred income	**86.5**	108.4
Accrued liabilities		
Vacation pay and related social costs	**90.8**	94.6
Other accrued payroll and related social costs	**54.3**	46.1
Interest	**1.8**	1.9
Accrued value added tax liability	**-**	20.3
Other accrued expenses	**51.1**	57.1
Value added tax debt	**45.1**	44.5
Payroll tax debt	**26.0**	21.9
	447.5	461.7

27. CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

CLASSIFICATION BASED ON IAS 39

EUR million	31 Dec 2008 Carrying amounts	31 Dec 2008 Fair values	31 Dec 2007 Carrying amounts	31 Dec 2007 Fair values
Financial assets at fair value through profit or loss				
Derivatives	**3.9**	**3.9**	3.2	3.2
Loans and receivables				
Cash and cash equivalents	**120.2**	**120.2**	72.9	72.9
Non-current interest bearing receivables	**4.4**	**4.4**	4.8	4.8
Current interest bearing receivables	**5.2**	**5.2**	6.5	6.5
Trade and other current receivables	**494.6**	**494.6**	556.9	556.9
Available-for-sale investments	**1.5**	**1.5**	1.4	1.4
Financial assets total	**629.9**	**629.9**	645.8	645.8
Financial liabilities at fair value through profit or loss				
Derivatives	**9.9**	**9.9**	0.4	0.4
Financial liabilities measured at amortized cost				
Non-current interest bearing liabilities	**159.3**	**159.3**	151.5	151.5
Other non-current liabilities	**1.6**	**1.6**	1.8	1.8
Short-term loans	**72.0**	**72.0**	97.3	97.4
Trade and other current liabilities	**453.1**	**453.1**	468.6	468.6
Financial liabilities total	**695.9**	**695.9**	719.5	719.6

Foreign exchange derivatives' fair values are calculated according to closing date's FX and interest rates.
IRS is valued according to present value of its cash flows, supported by all relevant market data.
Loans and receivables and financial liabilities are held at amortized cost and their carrying amount is considered to approximate their fair value.
Available-for-sale investments' fair value equals carrying amount as no reliable mark-to-market value is available.
Currently the company holds no assets in Held-to-maturity category.
Hedge accounting according to IAS 39 was not used in 2008.

28. COMMITMENTS AND CONTINGENCIES

EUR million	31 Dec 2008	31 Dec 2007
For Tieto obligations		
Pledges	**0.0**	0.0
On behalf of joint ventures		
Guarantees	**0.0**	1.8
Other Tieto obligations		
Rent commitments due in one year	**54.4**	56.0
Rent commitments due in 1–5 years	**102.2**	129.4
Rent commitments due after 5 years	**19.5**	25.6
Operating lease commitments due in one year	**8.2**	9.3
Operating lease commitments due in 1–5 years	**7.9**	15.0
Operating lease commitments due after 5 years	**0.0**	0.0
Other commitments [1]	**13.9**	53.7

Operating lease commitments are principally three-year lease agreements that do not include buyout clauses.

1) Including in 2007 commitment mainly for purchase of hardware and software. In 2008, the commitment is presented in finance lease liabilities and operating lease commitments.

EUR million	**31 Dec 2008**	31 Dec 2007
Notional amounts of derivatives		
Foreign exchange forward contracts	**252.0**	249.1
Interest rate swap	**100.0**	100.0

Includes the gross amount of all notional values for contracts that have not yet been settled or closed.
The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by other contracts.

Fair values of derivatives

The net fair values of derivative financial instruments at the balance sheet date were:

Foreign exchange forward contracts	**-6.1**	2.8
Interest rate swaps	**0.6**	-2.0

Derivatives are used for hedging purposes only.

Gross positive fair values of derivatives:	**Positive 31 Dec 2008**	Positive 31 Dec 2007
Foreign exchange forward contracts	**3.9**	3.2
Interest rate swaps	**0.6**	0.0

Gross negative fair values of derivatives:	**Negative 31 Dec 2008**	Negative 31 Dec 2007
Foreign exchange forward contracts	**-9.9**	-0.4
Interest rate swaps	**0.0**	-2.0

Contingent assets

The Finnish tax authorities have confirmed an additional loss of EUR 41.0 million (of which a deferred tax asset EUR 10.7 million could be recognized) on the loss incurred by the Parent company in connection with the intra-group transaction carried out in April 2004, but the decision has been contested.

EUR million	**31 Dec 2008**	31 Dec 2007
29. FUTURE RENTAL INCOME		
Within one year	**0.7**	1.4
After one year but not more than five years	**2.0**	2.3
After five years	**0.0**	0.0

Future rental income includes the external sublease payments from premises.

EUR million	**31 Dec 2008**	31 Dec 2007

30. RELATED PARTY TRANSACTIONS

The related parties of Tieto are its Board of Directors, President and CEO, the Leadership Team (LT) and the Group's associated companies. The Corporate Management Team (CMT), now replaced by the Leadership Team (LT), was regarded as a related party in 2008.

Transactions and balances with associated companies

Sales	**3.6**	8.6
Purchases	**0.1**	0.0
Receivables	**0.0**	0.0
Liabilities	**0.0**	0.0

Sales to and purchases from related parties are made at normal market price.

Key management compensation

The Board of Directors, President and CEO, Deputy CEO and the Corporate Management Team (CMT).

See Note 6 to the notes to the consolidated financial statements.

Subsidiary Shares

EUR million	Share %	31 Dec 2008 **Book value**
SUBSIDIARY SHARES		
Subsidiary shares owned by the Parent company		
C and SAA Oy, Finland	100.0	0.0
Pentec Ltd, Great Britain	100.0	3.0
PT TietoEnator Indonesia, Indonesia	100.0	0.8
TietoEnator Alise, SIA, Latvia	88.8	5.0
TietoEnator A/S, Denmark	100.0	24.7
TietoEnator AS, Norway	100.0	105.9
TietoEnator Austria GmbH, Austria	100.0	0.0
TietoEnator Broadcasting IT Oy, Finland	80.0	0.8
TietoEnator Canada Inc., Canada	100.0	0.1
TietoEnator Consulting a.s., Czech Republic	86.0	0.9
TietoEnator Consulting B.V., Netherlands	100.0	1.8
TietoEnator Czech s.r.o., Czech Republic	100.0	7.0
TietoEnator Deutschland GmbH, Germany	100.0	110.7
TietoEnator Eesti AS, Estonia	100.0	0.1
TietoEnator Financial Solutions UK Ltd, Great Britain	100.0	29.4
TietoEnator Finland Oy, Finland	100.0	118.2
TietoEnator France S.A, France	100.0	5.8
TietoEnator Healthcare B.V., Netherlands	100.0	1.4
TietoEnator Healthcare & Welfare Oy, Finland	100.0	2.6
TietoEnator Inc., USA	100.0	17.2
TietoEnator Information Technology (Beijing) Co., Ltd., China	100.0	0.7
TietoEnator Italia S.p.A, Italy	95.5	12.1
TietoEnator N.V., Belgium	100.0	238.4
TietoEnator OOO, Russia	100.0	0.9
TietoEnator Polska Sp. z.o.o, Poland	100.0	3.3
TietoEnator Professional Services AB, Sweden	100.0	338.1
TietoEnator PN Oy, Finland	94.0	46.5
TietoEnator Resource Management Holding AB, Sweden	100.0	12.6
TietoEnator Sdn Bhd, Malaysia	100.0	0.2
TietoEnator SIA, Latvia	100.0	4.0
TietoEnator Spain S.A., Spain	100.0	0.1
TietoEnator Support OÜ, Estonia	60.0	0.2
TietoEnator Telecom R&D Services India Pvt. Ltd., India	100.0	20.1
TietoEnator UK Ltd, Great Britain	100.0	0.4
UAB TietoEnator, Lithuania	100.0	2.6
UAB TietoEnator Holding, Lithuania	80.0	0.0
Dormant subsidiaries (4 in total)		0.0
		1 115.6

EUR million	Share %	31 Dec 2008 Book value
Shares in Group companies owned by subsidiaries		
Abaris AB, Sweden	100.0	6.1
Banxolutions (UK) Ltd., Great Britain	100.0	0.0
Baysoft Technologies S.r.l., Italy	100.0	0.1
COOO TietoEnator, Belarus	99.0	0.0
Entra AB, Sweden	100.0	0.1
IT Alise Eesti Oü, Estonia	100.0	0.3
Teledynamics B.V., Netherlands	100.0	0.0
TietoEnator AttentiV Systems Ltd, Great Britain	100.0	22.2
TietoEnator Energy Inc., USA	100.0	0.0
TietoEnator Finance Partner AB, Sweden	100.0	0.8
TietoEnator Financial Solutions B.V., Netherlands	100.0	0.0
TietoEnator Healthcare & Welfare AB, Sweden	100.0	3.9
TietoEnator MAJIQ Inc., USA	100.0	15.9
TietoEnator PN Oy, Finland	6.0	0.0
TietoEnator Software Technologies Pvt. Ltd, India	100.0	0.0
TietoEnator Sverige AB, Sweden	100.0	302.5
TietoEnator Topas GmbH, Germany	100.0	5.5
TietoEnator (UK no. 1) Ltd, Great Britain	100.0	5.1
Dormant subsidiaries (5 in total)		0.0
		362.4

Calculation of Key Figures

$$\text{Earnings per share} = \frac{\text{Net profit for the period}}{\text{Adjusted average number of shares}}$$

$$\text{Equity/share} = \frac{\text{Total equity}}{\text{Adjusted number of shares at the year end}}$$

$$\text{Return on equity \%} = \frac{\text{Profit before taxes and minority interests – income taxes}}{\text{Total equity (12-month average)}} \times 100$$

$$\text{Return on capital employed \%} = \frac{\text{Profit before taxes and minority interests + interest and other financial expenses}}{\text{Total assets – non-interest-bearing liabilities (12-month average)}} \times 100$$

$$\text{Equity ratio \%} = \frac{\text{Total equity}}{\text{Total assets – advance payments}} \times 100$$

Net interest-bearing liabilities = Interest-bearing liabilities – interest-bearing receivables – cash and cash equivalents – securities carried as current assets

$$\text{Gearing \%} = \frac{\text{Net interest-bearing liabilities}}{\text{Total equity}} \times 100$$

Management of Financial Risks

The Group Treasury at Tieto is centrally responsible for managing the Group's financial exposure. Its goal is to ensure cost-efficient funding for the Group at all times and to identify and hedge financial risks. Financial risks arise from external and internal agreements. The Group Treasury Policy specifies the principles underlying the management of funding and liquidity risks, interest rate risks, foreign exchange risks and credit risks. The Group Treasury Policy also contains instructions regarding money market and currency instruments. The Group monitors financial risks regularly.

Foreign exchange transaction exposure

Foreign trade, Group's internal transactions and liquidity management in the non-euro countries generate foreign exchange risk to the Group. Exposure includes firm commitments as signed contracts, accounts receivables and payables of operative companies, bank account balances in non-home currencies and internal funding. United States dollar, Norwegian krona and Czech koruna are the largest currencies in the exposure. The company's policy is to hedge all significant foreign exchange commitments. Position is not sensitive to exchange rate fluctuations as it is almost fully hedged apart of internal loans of SEK 2.0 billion and USD 20.0 million. These loans are equity investments in subsidiaries and they are not hedged. During 2008, Tieto used currency forward contracts, swaps and options for hedging. These instruments are also the only instruments approved in the Treasury Policy for hedging. Currency derivatives have maturity of less than 12 months.

EUR million	Net position	External FX hedges	Total net exposure	Sensitivity [1]	Effect in Income Statement	Effect in Balance Sheet
SEK						
31 Dec 2008	**-16.0**	**15.6**	**-0.4**	**0.04**	**0.04**	
31 Dec 2007	78.4	-78.5	-0.1	-0.01	-0.01	
Group internal loan between Swedish and Belgium entities						
31 Dec 2008	**184.0**	**0.0**	**184.0**	**-18.40**	**-9.20**	**-9.20**
NOK						
31 Dec 2008	**-36.6**	**36.6**	**0.0**	**0.00**	**0.00**	
31 Dec 2007	-19.7	19.5	-0.3	-0.03	-0.03	
USD						
31 Dec 2008	**-55.5**	**55.4**	**-0.1**	**0.01**	**0.01**	
31 Dec 2007	4.2	-4.3	-0.1	-0.01	-0.01	
Group internal loan between American and Belgium entities						
31 Dec 2008	**14.6**	**0.0**	**14.6**	**-1.46**	**-1.46**	
CZK						
31 Dec 2008	**-25.6**	**25.1**	**-0.5**	**0.05**	**0.05**	
31 Dec 2007	0.1	0.0	0.1	0.01	0.01	
Other						
31 Dec 2008	**-31.0**	**30.5**	**-0.5**	**0.05**	**0.05**	
31 Dec 2007	-18.8	19.0	0.2	0.02	0.02	

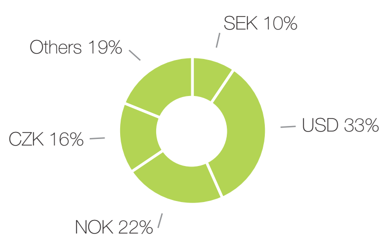
[1] The maximum effect (EUR million) of ten percentage point negative change in exchange rates on the Group's foreign exchange position over the following year.

Foreign exchange translation exposure

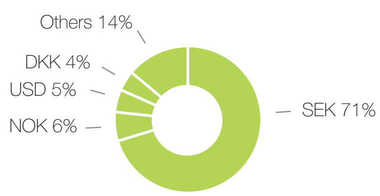
At the end of 2008, the currency denominated translation exposure of Tieto's shareholders' equity was approximately EUR 228.9 million. Exposure includes the acquisition price, share capital, restricted and non-restricted reserves as well as the result of the period for subsidiaries in non-euro countries. According to the Treasury Policy translation exposure is not hedged.

EUR million	Exposure
SEK	
31 Dec 2008	**161.0**
31 Dec 2007	111.6
NOK	
31 Dec 2008	**14.6**
31 Dec 2007	17.4
USD	
31 Dec 2008	**11.8**
31 Dec 2007	9.5
GBP	
31 Dec 2008	**1.0**
31 Dec 2007	-48.9
Other	
31 Dec 2008	**40.7**
31 Dec 2007	28.4

TRANSACTION EXPOSURE 31 DEC 2008



TRANSLATION EXPOSURE 31 DEC 2008



Interest rate risk

External financing, investments and other interest-bearing liabilities and receivables create the interest rate risk within the Group. The basis for managing the interest rate risk is the gearing target level of 40% on long term basis.

At the end of 2008, gearing was 21.0%. The interest rate risk exposure was hedged partly with an EUR 100 million interest rate swap during 2008. Revaluation of the swap is recognized in income statement. Forward rate and interest rate swap agreements are possible instruments for hedging when so decided.

Following tables show only interest rate risk on liabilities as assets have no significance from the Group perspective.

EUR million	Amount	Duration	Average rate, %	Rate sensitivity [2]
31 Dec 2008				
Capital markets	150.0	0.6	4.14	1.5
Money markets	60.5	0.1	2.80	0.6

In capital markets, EUR 100 million fixed rate bond issue is swapped to 12 month floating rate; fixing every December. Private placement of EUR 50 million carries a floating rate; fixed to 6 months' euribor.

EUR million	Amount	Duration	Average rate, %	Rate sensitivity [2]
31 Dec 2007				
Capital markets	149.8	0.6	4.69	1.5
Money markets	96.1	0.1	4.91	1.0

2) The maximum effect (EUR million) of one percentage point rise in interest rates on the Group's net interest expenses over the following year.

Liquidity and re-financing risk

One of the Group Treasury's main objectives is to ensure that the company's liquidity remains sufficiently strong. The Group has committed EUR 250 million credit facility maturing December 2011, EUR 100 million bond and EUR 50 million private placement programmes. The Group has also overdraft facilities and an EUR 250 million commercial paper programme available to maintain flexibility in funding. During the last quarter of 2008, funding with commercial paper programme became very challenging, therefore the credit facility was taken into use.

Credit risk

For Treasury's external transactions, counterparties are large Nordic banks and corporations if Commercial Paper Market investments have been made. There have been no issues in regards to credit risk from Treasury perspective.

Debt structure

EUR million		Amount drawn	Amount available	Maturity structure 2009	2010	2011	2012	2013	2014–
31 Dec 2008									
Loans	Bonds	100.0						100.0	
	Private placement	50.0	0.0				50.0		
	Commercial paper programme	3.0	247.0	3.0					
	Revolving credit facility	57.5	192.5	57.5					
	Interest			6.8	6.2	6.2	5.4	4.3	
Derivative	Forward contracts outflow			245.5	1.0	0.8	0.8	0.8	
liabilities/assets	Forward contracts inflow			-239.7	-0.9	-0.7	-0.7	-0.7	
	Interest rate swap			-0.3	-0.1	-0.1	-0.1	-0.1	
Trade payables	Outflow	91.7		91.7					
Other liabilities	Financial lease liability	14.5		5.2	2.3	2.3	2.3	2.3	0.2
	Other (debt)	5.1		5.0	0.1				

EUR million		Amount drawn	Amount available	Maturity structure 2008	2009	2010	2011	2012	2013–
31 Dec 2007									
Loans	Bonds	100.0							100.0
	Private placement	50.0	0.0					50.0	
	Commercial paper programme	96.1	153.9	96.1					
	Revolving credit facility	0.0	250.0						
	Interest payments			7.8	6.9	6.9	6.9	5.6	4.1
Derivative	Forward contracts outflow			246.0					
liabilities/assets	Forward contracts inflow			-248.9					
	Interest rate swap			0.4	0.4	0.4	0.4	0.4	0.4
Trade payables	Outflow	66.9		66.9					
Other liabilities	Financial lease liability	1.4		0.4	0.2	0.2	0.2		0.3
	Other (debt)	1.3		0.8	0.5				

Income Statement (FAS)

EUR	Note	1 Jan–31 Dec 2008	1 Jan–31 Dec 2007
Net sales		**-**	48 648.86
Other operating income	1	**105 707 193.64**	102 952 734.43
Materials and services		**8 831 640.27**	3 217 150.85
Personnel expenses	2	**18 006 160.30**	15 638 882.89
Depreciations and reduction of values	7, 8	**4 116 107.48**	8 846 802.63
Other operating expenses		**109 954 169.72**	101 266 503.50
Operating profit		**-35 200 884.13**	-25 967 956.58
Financial income and expenses	4	**-31 657 716.27**	-25 879 753.99
Profit before extraordinary items		**-66 858 600.40**	-51 847 710.57
Extraordinary items	5	**86 400 000.00**	72 585 500.00
Profit before appropriations and taxes		**19 541 399.60**	20 737 789.43
Direct taxes	6	**-**	6 607.24
Profit for the period		**19 541 399.60**	20 744 396.67

Balance Sheet (FAS)

EUR	Note	31 Dec 2008	31 Dec 2007
ASSETS			
Non-current assets			
Intangible assets	7	**1 864 791.41**	3 339 471.81
Tangible assets	8	**4 706 800.45**	5 861 008.68
Investments	9	**1 127 900 688.19**	1 071 353 950.95
Total non-current assets		**1 134 472 280.05**	1 080 554 431.44
Current assets			
Long-term receivables	10		
Receivables from Group companies		**11 722 500.55**	12 711 350.71
		11 722 500.55	12 711 350.71
Current receivables	11, 12		
Accounts receivable		**-**	47 496.09
Receivables from Group companies		**178 505 845.94**	235 044 087.98
Receivables from associated companies		**128 568.79**	319 033.56
Other receivables		**18 625 730.17**	13 775 756.60
Prepaid expenses and accrued income		**5 347 840.57**	3 291 566.09
		202 607 985.47	252 477 940.32
Cash and cash equivalents		**58 854 820.61**	10 553 954.69
Total current assets		**273 185 306.63**	275 743 245.72
		1 407 657 586.68	1 356 297 677.16
SHAREHOLDERS´ EQUITY AND LIABILITIES			
Shareholders´ equity	13		
Share capital		**75 841 523.00**	75 841 523.00
Share issue premiums		**7 122 789.98**	7 122 789.98
Retained earnings		**782 250 404.18**	797 336 769.01
Net profit for the current year		**19 541 399.60**	20 744 396.67
Total equity		**884 756 116.76**	901 045 478.66
Provisions	14	**4 017 509.28**	4 932 840.00
Liabilities			
Non-current liabilities			
Bonds	15	**149 866 767.61**	149 843 090.80
Liabilities to Group companies	16	**5 538 214.22**	32 504 347.09
		155 404 981.83	182 347 437.89
Current liabilities	17, 18		
Loans from financial institutions		**57 483 653.09**	-
Accounts payable		**5 120 727.17**	2 754 669.74
Liabilities to Group companies		**258 948 012.87**	155 225 903.57
Liabilities to associated companies		**148 016.18**	267 524.16
Other current liabilities		**18 475 448.19**	96 761 075.25
Accrued liabilities and deferred income		**23 303 121.31**	12 962 747.89
		363 478 978.81	267 971 920.61
Total liabilities		**518 883 960.64**	450 319 358.50
		1 407 657 586.68	1 356 297 677.16

Statement of Cash Flow (FAS)

EUR 1 000	1 Jan–31 Dec 2008	1 Jan–31 Dec 2007
Cash flow from operations		
Profit before extraordinary items	**-66 859**	-51 848
Adjustments:		
Depreciation, amortization and impairment	**4 116**	8 847
Unpaid income and expenses	**-1 058**	-1 017
Financial income and expenses	**31 658**	25 880
Cash generated from operations before net working capital	**-32 143**	-18 138
Change in working capital:		
Change in current receivables	**-6 092**	19 486
Change in current non-interest-bearing liabilities	**13 276**	-11 849
Cash generated from operations	**-24 959**	-10 501
Interest income received and interest expenses paid, net	**-13 850**	942
Dividend received	**11 031**	38 168
Income taxes paid	**-**	7
Net cash flow from operations	**-27 778**	28 617
Cash flow from investing activities		
Capital expenditure paid	**-4 254**	-2 530
Sale of other fixed assets and shares	**-**	6 739
Acquisition of Group companies and business operations	**-39 039**	-24 760
Acquisition of associated companies	**-2 227**	-
Change in long-term loan receivables	**989**	-75 030
Change in short-term loan receivables	**-12 288**	85 917
Total net cash used in investing activities	**-56 818**	-9 663
Cash flow from financing activities		
Dividends paid	**-35 831**	-88 316
Purchase of own shares	**-**	-32 136
Proceeds from long-term borrowings	**-**	32 347
Repayments of long-term borrowings	**-26 966**	-
Change in short-term debt	**-43 241**	23 482
Change in intercompany cash pool receivables and debts, net	**166 349**	-98 374
Exercise of share options	**-**	1
Group contributions received	**79 820**	92 265
Group contributions paid	**-7 235**	-3 415
Total net cash used in financing activities	**132 897**	-74 145
Change in cash and cash equivalents	**48 301**	-55 191
Cash and cash equivalents at beginning of period	**10 554**	65 745
Cash and cash equivalents at end of period	**58 855**	10 554
	48 301	-55 191

Notes to the Parent Company´s Financial Statements (FAS)

PARENT COMPANY ACCOUNTING POLICIES

The financial statements of the Parent company TietoEnator Corporation are prepared in accordance with Finnish Accounting Standards (FAS).

Foreign currency items

Foreign currency transactions are recorded at the exchange rate prevailing on the transaction date. Foreign currency items at the end of the financial period are valued at the average exchange rates on the balance sheet date. Foreign currency items are hedged using derivative contracts.

Exchange gains and losses on net financial liabilities are reported in the income statement under financial items, while other exchange gains or losses are included in operating profit. The exchange rate differences of hedged items are adjusted by the valuation differences of derivative contracts made for hedging purposes.

Derivative instruments are used for hedging purposes only. The instruments are measured at fair value. Related valuation changes are reported in the income statement.

Other operating income

Other operating income mainly includes internal service fees, rental income and gains from asset disposals.

Pension arrangements

The company's pension obligations are administered through pension insurance institutions. Pension obligations are fully covered.

Financial instruments

Financial assets are classified into the following categories: loans and receivables, held-to-maturity, trading and available-for-sale.

Financial instruments are recorded initially at fair value, net of transaction costs. Usually the fair value equals the amount received or paid. Loans are included in non-current and current liabilities. Interest expense and transaction costs are amortized in the income statement over the maturity of the loan using the effective interest method. Subsequent measurement of financial instruments depends on the designation of the instruments, as follows:

- Fixed deposits, principally comprising funds held with banks and other financial institutions, and short-term borrowings and overdrafts as well as long-term loans, are classified as loans and receivables and held at amortized cost. Investments in money market instruments are reported as short-term deposits under cash and cash equivalents.
- Derivatives, comprising foreign exchange forward contracts, currency options and interest rate swaps (and embedded derivatives), are classified as held for trading and valued at fair value. Foreign exchange forward contracts are valued at the market forward exchange rates and compared with contract forward rate. The fair value of interest rate swaps is calculated based on market rates. Related valuation changes are reported in financial income and expenses in the income statement and in other current payables and receivables in the balance sheet. Derivatives are used for hedging purposes only. Hedge accounting according to IAS 39 was not used in 2008.
- Investments in equity instruments, except for investments in associated companies and joint ventures, are classified as assets available-for-sale. They are measured at fair value unless a fair value cannot be measured reliably and unrealized gains and losses are recognized directly under shareholders' equity. When the investment is sold, the accumulated fair value adjustment is recognized in income.

The Parent company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of assets is impaired. Possible impairment is booked in the income statement.

Extraordinary items

Significant items not related to the regular business operations of the Group such as Group contributions are included under extraordinary items.

Valuation of fixed assets

Fixed assets are carried at cost less accumulated depreciation. Depreciation is charged according to plan based on the estimated economic lives of the individual assets and accounted for in accordance with the straight-line method.

The company applies the following economic lives:

	Years
Intangible assets (software)	1–3
Goodwill from operations	3–5
Other capitalized expenditure	5–10
Buildings	40
Data processing equipment [1]	1–4
Other machinery and equipment	5–8
Other tangible assets	10

1) Purchases of personal computers are expensed immediately.

Leases of equipment are classified as operating leases.

Income taxes

The income statement includes the company's income taxes based on taxable profit for the period according to local tax regulations as well as adjustments to prior-year taxes. The information related to deferred tax items is included in the notes.

EUR 1 000	**31 Dec 2008**	31 Dec 2007

1. OTHER OPERATING INCOME

Gain from sale of other fixed assets and shares	**-**	2 818
Rental income	**44 460**	40 293
Internal service fees	**58 923**	59 052
Other income	**2 324**	790
	105 707	102 953

2. PERSONNEL EXPENSES

Payroll costs	**15 548**	11 720
Pension expenses	**1 144**	3 108
Other pay-related statutory social costs	**1 314**	811
	18 006	15 639

Other operating expenses include rental payments on company cars and non-statutory employee benefits, such as meals, healthcare and leisure time activities.

The Parent company had an average of 165 employees during 2008 and 171 employees in 2007.

3. MANAGEMENT REMUNERATION

See Note 6 in Notes to the consolidated financial statements.

4. FINANCIAL INCOME AND EXPENSES

Income from securities and investments treated as equity		
Dividend income from Group companies	**1 219**	25 786
Dividend income from associated companies	**9 812**	12 373
Dividend income from other companies	**-**	9
	11 031	38 168
Other interest and financial income		
From Group companies	**9 773**	18 068
From other companies	**64 489**	56 531
	74 262	74 599
Investment write-downs	**-**	-59 402
Interest and other financing expenses		
To Group companies	**-36 054**	-19 666
To other companies	**-80 896**	-59 579
	-116 950	-79 245
Total financial income and expenses	**-31 658**	-25 880

EUR 1 000	**31 Dec 2008**	31 Dec 2007

5. EXTRAORDINARY INCOME

Group contributions received	**87 600**	79 820
Group contributions given	**-1 200**	-7 234
	86 400	72 586

6. DIRECT TAXES

On income from prior periods	**-**	7
	-	7

7. INTANGIBLE ASSETS

Intangible rights		
Acquisition cost, 1 Jan	**12 506**	11 397
Increases	**1 838**	454
Transfers from advance payments	**1 361**	1 210
Decreases	**-7 401**	-555
Acquisition cost, 31 Dec	**8 304**	12 506
Accumulated amortization, 1 Jan	**9 752**	4 012
Accumulated amortization in changes	**-3 972**	-117
Amortization for the period	**1 877**	2 805
Reduction in values	**-**	3 052
Accumulated amortization, 31 Dec	**7 657**	9 752
Book value, 31 Dec	**647**	2 754
Other capitalised expenditures		
Acquisition cost, 1 Jan	**3 502**	3 581
Increases	**463**	174
Decreases	**-1 345**	-253
Acquisition cost, 31 Dec	**2 620**	3 502
Accumulated amortization, 1 Jan	**2 917**	2 782
Accumulated amortization in changes	**-1 120**	-249
Amortization for the period	**187**	384
Accumulated amortization, 31 Dec	**1 984**	2 917
Book value, 31 Dec	**636**	585
Advance payments and work in progress		
Acquisition cost, 1 Jan	**-**	-
Increases	**1 942**	-
Transfers	**-1 361**	-
Acquisition cost, 31 Dec	**581**	-
Book value of intangible assets, 31 Dec, total	**1 865**	3 339

EUR 1 000	**31 Dec 2008**	31 Dec 2007
8. TANGIBLE ASSETS		
Land		
Acquisition cost, 1 Jan	**60**	60
Increases	**-**	-
Decreases	**-**	-
Acquisition cost and book value, 31 Dec	**60**	60
Buildings and structures		
Acquisition cost, 1 Jan	**861**	887
Increases	**-**	-
Decreases	**-**	-26
Acquisition cost, 31 Dec	**861**	861
Accumulated depreciation, 1 Jan	**637**	609
Accumulated depreciation in changes	**-**	-1
Depreciation for the period	**27**	29
Accumulated depreciation, 31 Dec	**664**	637
Book value, 31 Dec	**197**	224
Machinery and equipment		
Acquisition cost, 1 Jan	**21 207**	21 656
Increases	**1 909**	1 202
Transfers from advance payments and work in process	**-**	531
Decreases	**-3 567**	-2 182
Acquisition cost, 31 Dec	**19 549**	21 207
Accumulated depreciation, 1 Jan	**16 672**	16 217
Accumulated depreciation in changes	**-3 560**	-2 122
Depreciation for the period	**2 024**	2 577
Accumulated depreciation, 31 Dec	**15 136**	16 672
Book value, 31 Dec	**4 413**	4 535
Other tangible assets		
Acquisition cost, 1 Jan	**37**	43
Increases	**-**	-
Decreases	**-**	-6
Acquisition cost, 31 Dec	**37**	37
Accumulated depreciation, 1 Jan	**-**	3
Accumulated depreciation in changes	**-**	-3
Depreciation for the period	**-**	-
Accumulated depreciation, 31 Dec	**-**	-
Book value, 31 Dec	**37**	37
Advance payments and work in progress		
Acquisition cost, 1 Jan	**1 005**	2 015
Increases	**-**	731
Decreases	**-**	-
Transfers	**-1 005**	-1 741
Acquisition cost, 31 Dec	**-**	1 005
Book value of tangible assets, 31 Dec, total	**4 707**	5 861

EUR 1 000	**31 Dec 2008**	31 Dec 2007
9. INVESTMENTS		
Shares in Group companies		
Acquisition cost, 1 Jan	**1 047 257**	815 829
Increases	**54 335**	285 894
Decreases	**-15**	-5 120
Transfers	**13 978**	-
Write-downs	**-**	-49 346
Acquisition cost, 31 Dec	**1 115 555**	1 096 603
Book value, 31 Dec	**1 115 555**	1 047 257
Shares in associated companies		
Acquisition cost, 1 Jan	**23 722**	23 722
Increases	**2 227**	-
Decreases	**-**	-
Transfers	**-13 978**	-
Acquisition cost, 31 Dec	**11 971**	23 722
Book value, 31 Dec	**11 971**	23 722
Other shares and interests		
Acquisition cost, 1 Jan	**375**	375
Increases	**-**	-
Decreases	**-**	-
Acquisition cost, 31 Dec	**375**	375
Book value, 31 Dec	**375**	375
Investments, 31 Dec, total	**1 127 901**	1 071 354

Subsidiary shares

See page 51.

Shares in associated companies

See Note 12 in Notes to the consolidated financial statements.

Associated companies owned and managed by the Parent company

See Note 16 in Notes to the consolidated financial statements.

Other shares and securities

See Note 13 in Notes to the consolidated financial statements.

EUR 1 000	**31 Dec 2008**	31 Dec 2007

10. NON-CURRENT INTERCOMPANY RECEIVABLES

Loan receivables from Group companies	**11 723**	12 711

11. CURRENT INTERCOMPANY RECEIVABLES

Receivables from Group companies		
Accounts receivable	**8 833**	5 755
Loan receivables	**72 631**	143 406
Other receivables	**2 962**	5 320
Group contributions receivable	**87 600**	79 820
Prepaid expenses and accrued income	**6 479**	743
	178 506	235 044
Receivables from associated companies		
Accounts receivable	**59**	310
Prepaid expenses and accrued income	**69**	9
	129	319

12. PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses and accrued income from Group companies		
Intangible asset sale	**4 343**	-
Other	**2 136**	743
Total	**6 479**	743
Prepaid expenses and accrued income from associated companies	**69**	9
Prepaid expenses and accrued income from other companies		
Licence fees	**2 141**	1 615
Rents	**-**	688
Social costs	**2 349**	237
Other	**857**	751
Total	**5 348**	3 292
Prepaid expenses and accrued income, total	**11 896**	4 044

13. CHANGES IN SHAREHOLDERS´ EQUITY

Share capital, 1 Jan	**75 842**	75 841
Cancellation of own shares purchased	**-**	-
Exercise of share options	**-**	1
Share capital, 31 Dec	**75 842**	75 842
Share issue premiums, 1 Jan	**7 123**	7 121
Cancellation of own shares purchased	**-**	-
Exercise of share options	**-**	2
Share issue premiums, 31 Dec	**7 123**	7 123
Retained earnings, 1 Jan	**818 081**	917 790
Dividend distributions and donations	**-35 831**	-88 316
Purchase of own shares	**-**	-32 137
Retained earnings, 31 Dec	**782 250**	797 337
Net profit for the period	**19 541**	20 744
	801 791	818 081
Shareholders´ equity, total	**884 756**	901 045

EUR 1 000	31 Dec 2008	31 Dec 2007

14. PROVISIONS

Pension commitments	**343**	1 307
Restructuring commitments	**1 651**	-
Costs related to divestments	**320**	320
Rent commitment	**1 704**	3 306
	4 018	4 933

15. INTEREST-BEARING DEBTS AND BORROWINGS

Bonds	**149 867**	149 843
Debts falling due after five years		
Bonds	**-**	99 843

Bonds with warrants

See Note 21 in Notes to the consolidated financial statements.

Other current liabilities include commercial papers EUR 3.0 million (EUR 96.1 million in 2007).

16. NON-CURRENT INTERCOMPANY LIABILITIES

Loan from Group companies	**5 538**	32 504

17. CURRENT INTERCOMPANY LIABILITIES

Debts to Group companies		
Accounts payable	**6 886**	3 826
Other debt including cash pool	**243 768**	138 214
Accrued liabilities and deferred income	**7 094**	5 951
Group contribution liability	**1 200**	7 235
	258 948	155 226
Debts to associated companies		
Accounts payable	**45**	2
Accrued liabilities and deferred income	**103**	266
	148	268

EUR 1 000	**31 Dec 2008**	31 Dec 2007

18. ACCRUED LIABILITIES AND DEFERRED INCOME

Accrued liabilities and deferred income from Group companies		
Personnel related expenses	**2 091**	1 322
Service fee	**3 357**	2 670
Interest	**1 641**	15
Other	**5**	1 961
Total	**7 094**	5 952
Accrued liabilities and deferred income from associated companies	**103**	266
Accrued liabilities and deferred income from other companies		
Vacation pay and related social costs	**1 804**	1 744
Other accrued payroll and related social costs	**2 462**	1 995
Interest	**1 815**	1 305
Derivative liability	**-**	2 002
Other social costs	**987**	323
Purchase price of shares	**3 809**	3 189
Tax liability	**8 263**	0
Other	**4 163**	2 404
Total	**23 303**	12 963
Accrued liabilities and deferred income, total	**30 500**	19 182

19. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets		
From losses carried forward	**20 910**	23 834
From temporary differences	**1 060**	1 494
From appropriations	**1 662**	347
Total	**23 632**	25 675

Deferred tax items are not included in the balance sheet.

EUR 1 000	**31 Dec 2008**	31 Dec 2007

20. CONTINGENT LIABILITIES

For Tieto's obligations		
Pledges	**-**	-
On behalf of Group companies		
Guarantees	**19 853**	18 556 (1
On behalf of joint ventures		
Guarantees	**0**	1 800
Other Tieto obligations		
Rent commitments due in 2009 (2008)	**24 963**	24 775
Rent commitments due later	**70 582**	85 659
Lease commitments due in 2009 (2008)	**403**	792
Lease commitments due later	**291**	311
Other commitments	**-**	-

Lease commitments are principally three-year lease agreements that do not include buyout clauses. The Parent company's lease commitments include finance lease agreements that on a consolidated basis are capitalised as fixed assets.

1) Does not include unused lines of credit guaranteed by the Parent company, which totalled EUR 13.0 million (12.5) on 31 December 2008.

Derivative contracts

Foreign exchange forward contracts, nominal value	**461 772**	523 589
Fair value, foreign exchange forward contracts	**-35 450**	-4 741
Interest rate swaps, nominal value	**100 000**	100 000
Fair value, interest rate swap	**566**	-2 002

Derivatives are used for hedging purposes only. Hedge accounting according to IAS 39 was not used in 2008.

Shares and Shareholders

Share capital and shares

TietoEnator Corporation's issued and registered share capital on 31 December 2008 totalled EUR 75 841 523 and the number of shares was 72 023 173.

The cancellation of 1 935 000 own shares repurchased in August and September 2007 was registered on 9 January 2008. The Board of Directors decided on the cancellation of these shares in December 2007. Their cancellation did not affect the company's share capital. Following the registration, the company holds a total of 361 650 own shares, representing 0.5% of the shares and voting rights. These shares were repurchased for the allocations in the share-based incentive plan 2006–2008. The number of outstanding shares (excluding the shares in the company's possession) was 71 661 523 at the end of 2008.

TietoEnator's shares have no par value and their book counter-value is one euro. TietoEnator's shares are listed on NASDAQ OMX in Helsinki and Stockholm. The company has one class of shares, with each share conferring equal dividend rights and one vote. The company's Articles of Association include a restriction on voting at the Annual General Meeting, where no-one is allowed to vote with more than one-fifth of the votes represented at the meeting. The Articles of Association are available at www.tieto.com.

Stock options, warrants and share incentives

TietoEnator has four series of stock options issued for its key personnel. Each stock option entitles its holder to subscribe for one share (1:1). Based on the outstanding warrants and options on 31 December 2008, the total number of shares may increase by 3 133 209 at most by 31 March 2013, representing 4.23% of the diluted number of shares and votes. The general conditions of the stock options are as follows:

	Maximum number of new shares	Cumulative no of shares if all options are exercised	% of shares and votes after dilution	Subscription period	Exercise price, EUR
Stock option 2002 A/B	1 333 209	73 356 382	1.82	–30 Jun 2009	21.68
Stock option 2006 A	459 250	73 815 632	0.62	1 Mar 2009 –31 Mar 2011	28.02
Stock option 2006 B	587 300	74 402 932	0.79	1 Mar 2010 –31 Mar 2012	19.79
Stock option 2006 C	753 450	75 156 382	1.00	1 Mar 2011 –31 Mar 2013	13.36
Total	3 133 209		4.23		

In all the current option schemes, the persons covered by the scheme receive the options if they are employed by the company on the starting date of the subscription period. Under the terms of both the 2002 option scheme and the 2006 option scheme, the subscription price will be reduced annually by the amount of dividends per share.

The subscription period for the 2002 B options began on 1 December 2006 and ends on 30 June 2009. As both 2002 A and 2002 B options have exactly the same terms and conditions after vesting, these two option series were combined into options marked 2002 A/B in December 2006. The share subscription price is the volume weighted average share price between 1 February and 28 February 2002, including said dates. The 2002 A/B options are listed only on NASDAQ OMX in Helsinki. The highest price of the TietoEnator share in 2008 was EUR 17.20 on the Helsinki Stock Exchange, which was lower than the exercise price of the 2002 A/B option programme, EUR 21.68. No options were executed during the year.

On 23 March 2006, the Annual General Meeting decided to offer free of charge a maximum of 1 800 000 stock options to key personnel. There are three series of 2006 stock options: A, B and C. The subscription period with these options starts after 1 March 2009 and will continue until 31 March 2013. More details about the 2006 option rights are available at www.tieto.com.

The company has two share-based incentive plans. In December 2005, the Board of Directors approved a share-based incentive plan for its key personnel. In this plan, rewards can be paid either as shares or in cash during 2007–2009. The cash payment covers taxes and tax-related costs. The share part of the programme has a maximum scope of 200 000 shares for the whole three-year period. The amount of rewards allocated each year depends on the achievement of the targets for earnings per share (EPS) that are set by the Board of Directors annually. In 2008, the target was achieved and a total of 77 560 shares will be allocated to the entitled employees by the end of April 2009.

In December 2008, the company's Board of Directors approved Performance Share Plan 2009–2011, which will be offered to the President and CEO and other members of the Leadership Team. The plan includes one three-year earning period, which began on 1 January 2009 and will end on 31 December 2011. The potential reward from the plan is based on the earnings per share of the company in 2011. The amount of the reward will be determined and paid to the participants of the plan on the basis of the achievement of the EPS target after the financial statements have been prepared before the end of April 2012. The reward will be paid in the form of TietoEnator shares. The rewards to be paid will correspond to a maximum of 540 000 shares and the participants will receive cash compensation for dividends accumulated on the shares during 2009–2011. No new shares will be issued in connection with the Performance Share Plan and therefore the incentive plan will have no diluting effect.

In December 2008, the Board of Directors continued to prepare a new Option Plan for the key employees of the company. The plan will be proposed at the next Annual General Meeting of the company.

Board authorizations

The 2008 Annual General Meeting authorized the Board of Directors to repurchase the company's own shares. The number of shares repurchased shall not exceed 10% of the company's aggregate number of shares. The authorization is intended to be used to develop the company's capital structure.

The Board was also authorized to issue shares, stock option rights and other rights entitling to shares. The authorization shall be in force until the close of the next Annual General Meeting, however, until 27 September 2009 at the latest. Based on this authorization the share capital may increase by at most EUR 14 404 634. The purpose of the authorization is to safeguard the company's ability to develop its operations both in the domestic and in the international markets, in order to enable and finance both the acquisition of companies and business operations and also other co-operative arrangements. None of these authorizations have been used.

Shareholders

The company had 24 732 registered shareholders at the end of 2008. Based on the ownership records of the Finnish and Swedish central securities depositories, 38% of TietoEnator's shares were held by Finnish and 13% by Swedish investors. In total, there were 22 889 retail investors in Finland and Sweden and they held 13% of TietoEnator's shares.

In 2008, there were altogether fifteen announcements of changes in the company's shareholding. Goldman Sachs Group, Inc. flagged its ownership six times and according to the latest announcement on 21 November its holding had decreased to 4.67%. OP Pohjola Group flagged its ownership three times and in the most recent announcement on 10 November informed the company that it had increased its holdings to 5.24%. JPMorgan Chase & Co flagged its ownership twice. According to its latest announcement on 19 November its holding had decreased to 3.67%. UBS AG flagged its ownership four times and in the most recent announcement on 8 May informed the company that it had decreased its holdings to 3.11%. More detailed information about the changes in ownership during 2008 is available at www.tieto.com.

The members of the Board of Directors, the President and CEO and their close associates together held 0.06% of the shares and votes and 3.67% of the option rights on 1 January 2009. Based on the bonds with warrants and options, they can increase their aggregate holding to at most 0.15% of the shares and votes.

TietoEnator does not have any major strategic shareholders, shareholder agreements or cross shareholdings which would limit the amount of shares available for trading. Additionally, since the existing stock/warrant programmes and the share-based incentive plan represent limited dilution potential, the free float of the shares can be considered to be 100% excluding the treasury stock currently held by the company.

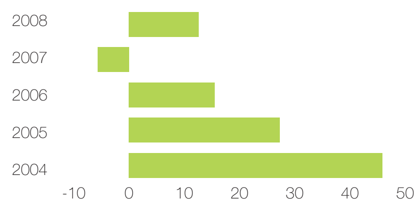
Share performance and trading

In 2008, the turnover of TietoEnator's shares totalled EUR 3 493.8 million (257 653 127 shares) in Helsinki and SEK 3 419.6 million (26 279 993 shares) in Stockholm. The total number of shares traded represented 396% of the shares outstanding.

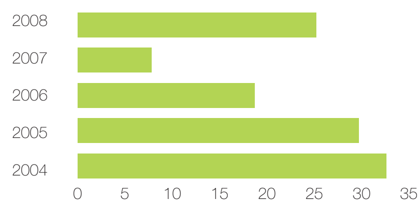
On NASDAQ OMX Helsinki, the average share price in 2008 was EUR 13.47. At the end of the year, the share price was EUR 7.77. The highest price was EUR 17.20 and the lowest EUR 6.98. At the end of the year, the company's market capitalization totalled EUR 559.6 million.

The share price fell 49.7% in Helsinki and 38.9% in Stockholm during the year. At the same time, the OMX Helsinki All Share Index dropped by 52.9% and the OMX Helsinki Cap Index by 51.1%. The OMX Stockholm All Share Index fell 40.9% in 2008.

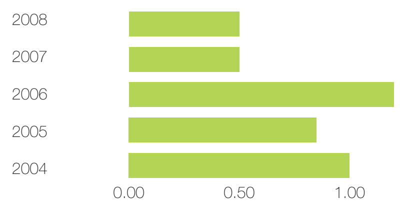
RETURN ON EQUITY, %



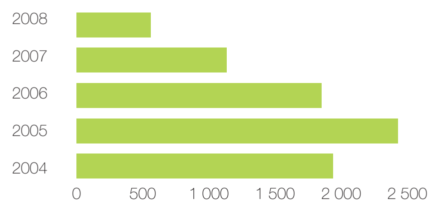
RETURN ON CAPITAL EMPLOYED, %



DIVIDEND / SHARE, EUR



MARKET CAPITALIZATION, EUR MILLION



	2008	2007	2006	2005	2004
SHARE INFORMATION					
Changes in share capital					
Share capital at year end, EUR	**75 841 523**	75 841 523	75 841 462	78 743 322	82 886 444
Number of shares	**72 023 173**	73 958 173	75 841 462	78 743 322	82 886 444
Adjusted number of shares at year end	**72 023 173**	73 958 173	75 841 462	78 743 322	82 886 444
Adjusted average for the year	**71 661 523**	72 941 089	74 963 658	78 063 022	81 977 804
Per share data					
Earnings per share, EUR					
- basic	**0.83**	-0.44	3.25	1.75	2.71
- diluted	**0.83**	-0.44	3.25	1.75	2.71
Earnings from continuing operations per share, EUR (1	**1.21**	0.77	1.01	1.51	
Equity per share EUR	**6.75**	6.67	8.51	6.60	6.49

1) Excluding one-off items related to the Performance Improvement Programme, goodwill impairments, badwill and one-time capital gains/losses.

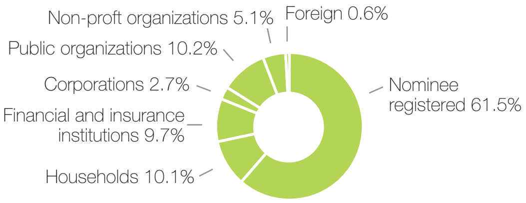
	2008	2007	2006	2005	2004
Share price performance and trading volumes					
NASDAQ OMX Helsinki					
Highest price, EUR	**17.20**	25.20	32.88	31.16	27.70
Lowest price, EUR	**6.98**	13.70	17.48	22.30	19.90
Average price, EUR	**13.47**	19.97	23.98	26.02	23.58
Turnover, number of shares	**257 653 127**	310 031 655	217 734 156	149 733 710	127 507 163
Turnover, %	**359.5**	425.0	290.5	191.8	155.5
NASDAQ OMX Stockholm					
Highest price, SEK	**161.50**	231.00	307.00	292.00	254.00
Lowest price, SEK	**70.75**	128.25	160.50	202.00	184.00
Average price, SEK	**129.66**	186.42	218.30	241.20	216.71
Turnover, number of shares	**26 279 993**	57 572 330	41 054 225	26 454 896	11 205 872
Turnover, %	**36.7**	78.9	54.8	33.9	13.7
Market capitalization, EUR million	**559.6**	1 136.0	1 853.6	2 429.2	1 939.5
Dividends					
Dividend, EUR 1 000	**35 831**	35 831	88 316	64 464	78 742
Dividend per share, EUR	**0.50**	0.50	1.20	0.85	1.00
Extra dividend paid 2004, EUR 1 000					39 371
Extra dividend per share, EUR					0.50
Payout ratio, %	**60.2**	-113.6	36.9	48.6	47.0
Price-weighted ratios					
NASDAQ OMX Helsinki					
Price per earnings ratio (P/E)	**9**	-35	8	18	9
Dividend yield, %	**6.4**	3.3	4.9	2.8	6.4
NASDAQ OMX Stockholm					
Price per earnings ratio (P/E)	**10**	-35	8	17	9
Dividend yield, %	**6.1**	3.3	4.8	2.8	6.5

Major shareholders on 31 December 2008

	Shares	%
1 OP-Pohjola Group	3 772 000	5.2
2 Didner & Gerge Equity fund	2 525 899	3.5
3 Mutual Pension Insurance Company Ilmarinen	2 122 400	2.9
4 Swedbank Robur funds	1 987 195	2.8
5 The State Pension fund (FI)	1 600 000	2.2
6 Svenska Litteratursällskapet i Finland	1 504 000	2.1
7 Varma Mutual Pension Insurance Co.	1 349 749	1.9
8 Tapiola Pension	910 000	1.3
9 Pekka Viljakainen	649 447	0.9
10 FIM Group	593 567	0.8
Nominee registered	44 260 931	61.5
Others	10 747 985	14.9
Total	72 023 173	100.0

Based on the ownership records of the Finnish and Swedish central securities depositories.

OWNERSHIP STRUCTURE ON 31 DECEMBER 2008
% of shares



Based on the ownership records of the Finnish central securities depository.

TietoEnator, trading codes

NASDAQ OMX Helsinki	TIE1V
NASDAQ OMX Stockholm	TIEN
Reuters, Helsinki	TIE1V.HE
Reuters, Stockholm	TIEN.ST
Bloomberg, Helsinki	TIE1V FH
Bloomberg, Stockholm	TIEN SS
ISIN code	FI0009000277

Division of shares on 31 December 2008

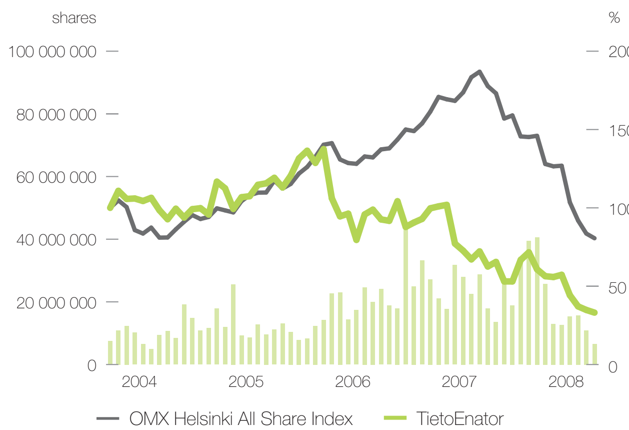
Number of shares	Shareholders		Shares	
	No	%	No	%
1–100	4 344	35.5	264 349	0.4
101–500	4 683	38.3	1 279 900	1.8
501–1 000	1 441	11.8	1 120 912	1.6
1 001–5 000	1 464	12.0	3 191 295	4.4
5 001–10 000	146	1.2	1 041 274	1.4
10 001–50 000	96	0.8	2 097 087	2.9
50 001–100 000	29	0.2	2 114 211	2.9
100 001–500 000	27	0.2	5 732 692	8.0
500 001–	12	0.1	55 162 293	76.6
Joint book-entry account			19 160	
Total	12 242	100.0	72 023 173	100.0
Nominee registered	14		44 260 931	61.5

Based on the ownership records of the Finnish central securities depository.

Changes in share capital

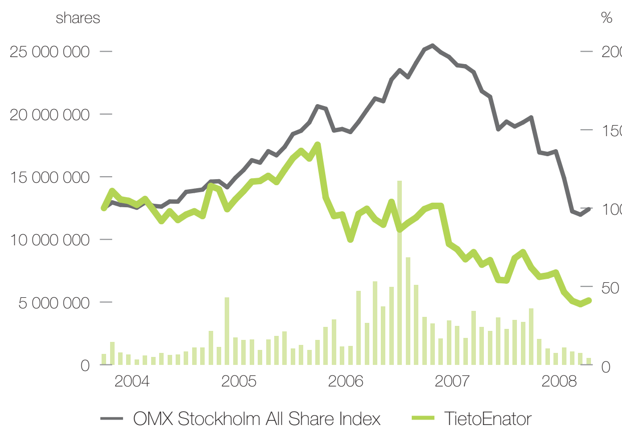
(1 share = 1 vote)	Shares	Share capital, EUR
Total on 31 December 2004	82 886 444	82 886 444
Nullifying of company's own shares, 7 April 2005	4 144 322	4 144 322
Bonds with options subscribed, registered on 16 December 2005	1 200	1 200
Total on 31 December 2005	78 743 322	78 743 322
Bonds with options subscribed, registered on 12 January 2006	750	750
Bonds with options subscribed, registered on 5 April 2006	50	50
Nullifying of company's own shares, 10 April 2006	2 903 860	2 903 860
Bonds with options subscribed, registered on 13 June 2006	1 200	1 200
Total on 31 December 2006	75 841 462	75 841 462
Nullifying of company's own shares, 19 Dec 2006, registered on 25 January 2007	1 745 000	0
Nullifying of company's own shares, 26 Jun 2007, registered on 30 July 2007	138 350	0
Bonds with options subscribed, registered on 8 August 2007	61	61
Nullifying of company's own shares, 20 Dec 2007, registered on 9 January 2008	1 935 000	0
Total on 9 January 2008	72 023 173	75 841 523

SHARE PRICE DEVELOPMENT AND TOTAL TURNOVER
NASDAQ OMX Helsinki



Source: Bloomberg

SHARE PRICE DEVELOPMENT AND TOTAL TURNOVER
NASDAQ OMX Stockholm



Source: Bloomberg

Proposal of the Board of Directors

	EUR
Distributable funds in the Parent company	801 791 803.78
of which net profit for the current year	19 541 399.60

The Board of Directors proposes that the distributable funds mentioned above be used as follows:

- a dividend of EUR 0.50 per share be paid to shareholders	35 830 761.50
- the remainder be carried forward	765 961 042.28

In the opinion of the Board of Directors the proposed dividend distribution does not endanger the liquidity of the company.

Helsinki, 9 February 2009

Anders Ullberg Chairman	Olli Riikkala Deputy chairman
Bruno Bonati	Mariana Burenstam Linder
Anders Eriksson	Bengt Halse
Kalevi Kontinen	Jari Länsivuori
Risto Perttunen	Hannu Syrjälä President and CEO

Auditors´ Report

To the Annual General Meeting of TietoEnator Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of TietoEnator Corporation for the year ended on 31 December, 2008. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the Parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the Parent company's financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the Parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors of the parent company and the Managing Director have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the Parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 9 February 2009

PricewaterhouseCoopers Oy
Authorised Public Accountants

Kim Karhu
Authorised Public Accountant

Information for Shareholders

Annual General Meeting

TietoEnator Corporation's Annual General Meeting (AGM) will be held at Scandic Continental, Mannerheimintie 46, FI-00260 Helsinki, Finland, on Thursday 26 March 2009 starting at 5.00 p.m. EET.

The right to participate and registration

Each shareholder, who is registered on 16 March, 2009 in the Register of Shareholders of the Company held by Euroclear Finland Ltd, has the right to participate in the AGM. A shareholder whose shares are registered on a personal book-entry account at Euroclear Finland Ltd is registered in the company's shareholders' register. A shareholder who wants to participate in the AGM shall register for the AGM by giving a prior notice of participation no later than March 20 at 4.00 p.m. (Finnish time) by which time the registration needs to arrive in the company. Such notice can be given:

online	www.tieto.com/agm
by e-mail	agm@tieto.com
by phone	+358 2072 68723
by telefax	+358 2060 20232 or
by mail	Tieto, Legal/AGM, P.O. Box 38, FI-00441 Helsinki, Finland.

Holders of nominee registered shares

A holder of nominee registered shares, who wants to participate in the AGM, must be provisionally entered into the company's shareholders' register on March 16, 2009 the record date of the AGM. Therefore, a shareholder whose shares are registered at Euroclear Sweden AB should contact Euroclear Sweden AB. A request for provisional registration must be received by Euroclear Sweden AB not later than 11 March 2009 at 12.00 CET. Other nominee registered shareholders should contact their relevant account holders.

Proxy representative and powers of attorney

A shareholder may participate in the AGM and exercise his/her rights at the AGM by way of proxy representation. A proxy representative shall produce a dated proxy document or otherwise in a reliable manner demonstrate his/her right to represent the shareholder at the AGM. Possible proxy documents should be delivered in originals to Tieto, Legal/AGM, P.O.Box 38, FI-00441 Helsinki, Finland before the last date for registration.

Dividend payment

The Board of Directors proposes to the AGM that a dividend of EUR 0.50 per share be paid on the financial year 2008. The dividend will be paid to shareholders who are registered in the company´s shareholders' register maintained by the Euroclear Finland Ltd, or in the register maintained by Euroclear Sweden AB, on the record date for dividend payment, which is 31 March 2009. It is proposed that the dividend be paid on 15 April 2009.

Shareholders' calendar for 2009

10 February	Interim report for the fourth quarter and Financial Statements Bulletin 2008
Week 10	Financial Review 2008, Annual Review 2008 (pdf on the website)
Week 11	Financial Review 2008, Annual Review 2008 (printed)
16 March	Record date for AGM
26 March	AGM
31 March	Record date for dividend
15 April	Dividend payment
24 April	Interim Report for the first quarter 2009
17 July	Interim Report for the second quarter 2009
21 October	Interim Report for the third quarter 2009

Reviews are published in English, Finnish and Swedish and are available at www.tieto.com.

To order the printed Annual Review 2008 and Financial Review 2008:

- e-mail: treports@121.fi
- tel. +358 20 72 010, fax +358 20 72 68898
- tel. +46 10 481 00 00, fax +46 10 481 34 44

The annual summary of Tieto's Stock Exchange releases and announcements in 2008 is available at www.tieto.com/Press room.

Investor relations contacts

Reeta Kaukiainen, Communications and Investor Relations
tel. +358 20 72 68711, mobile +358 50 522 0924
fax +358 20 72 68898
reeta.kaukiainen@tieto.com

Pasi Hiedanpää, Investor Relations
tel. + 358 20 72 68088, mobile +358 50 378 2228
fax +358 20 72 68898
pasi.hiedanpaa@tieto.com

Sirpa Salo, Investor Meetings
tel. +358 20 72 68714, mobile +358 40 556 1281
fax +358 20 72 68898
sirpa.salo@tieto.com

Analysts following Tieto

Analysts following Tieto are listed on the company's website, www.tieto.com.

Contact Information

All addresses can be found at www.tieto.com

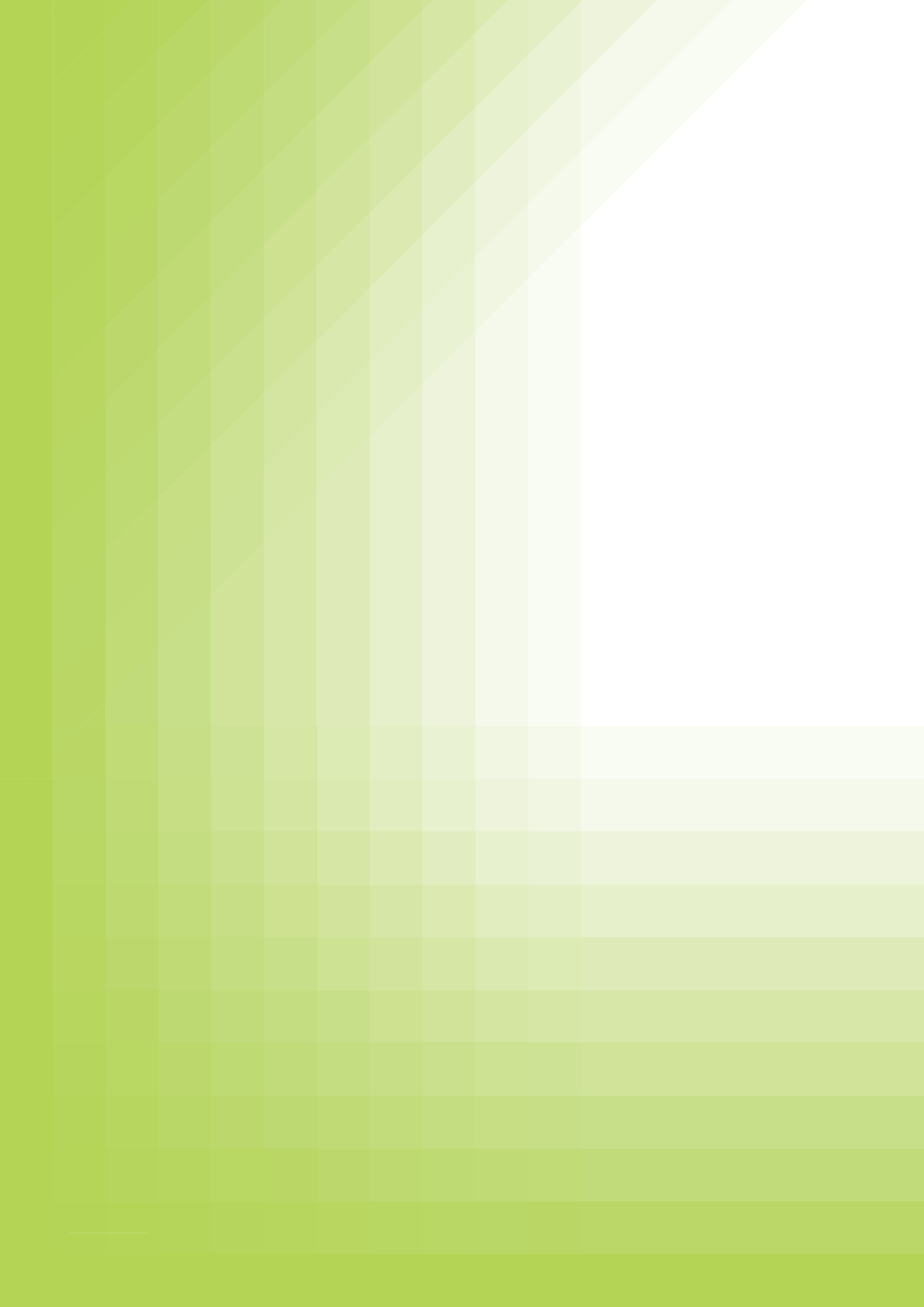
TietoEnator Corporation

Aku Korhosen tie 2–6, P.O. Box 38
FI-00441 HELSINKI, FINLAND
Tel. +358 20 72 010
Fax +358 20 72 68898

Kronborgsgränd 1
SE-164 87 KISTA, SWEDEN
Tel. +46 10 481 00 00
Fax +46 10 481 34 44

e-mail: info@tieto.com

www.tieto.com
Business ID: 0101138-5
Registered office: Espoo, Finland



Building leaders of the digital world – a world of better service, higher productivity and new opportunities.

TietoEnator Corporation

Aku Korhosen tie 2 –6, P.O. Box 38
FI-00441 HELSINKI, FINLAND
Tel. +358 20 72 010
Fax+358 20 72 68898

Kronborgsgränd 1
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e-mail: info@tieto.com
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